



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

XLG MORTGAGE GROUP

License Number: 13804

POLICIES & PROCEDURES MANUAL

Revised February/2022

LICENSE NUMBER: #13804

INDEPENDENTLY OWNED AND
OPERATED



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

Contents

Introduction.....	11
1.0 Code of Ethics.....	13
1.1 Introduction.....	13
1.2 Behaviours and Attitudes	13
1.3 Ethical Standards	13
1.4 Fees and Charges.....	14
1.5 Duty to Protect	15
1.6 Fraud Identification	15
1.7 Borrower Conduct	17
1.8 Disclosure	17
1.9 Confidentiality	19
1.10 Competence	21
1.11 Member Competition.....	21
1.12 Co-operation with Provincial Regulatory Bodies.....	21
1.13 Advertising.....	23
1.14 Discrimination.....	23
1.15 Laws and Regulations	23
1.16 Questionable Activities.....	24
2.0 General Business Practices.....	25
2.1 Role of the Brokerage.....	25
2.2 Where It Is Suspected A Mortgage Is Unlawful	25
2.3 Working for Only One Brokerage	29
2.5 Operating Other Businesses/Other Employment.....	29
2.6 Use of Information	31
2.7 Changes to Your Contact Information	31



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

2.8 Necessity To Be Licensed.....31

2.9 Advance Fees & Funds / Trust Accounts32

2.10 Indicating Fees are Government-Approved33

2.11 Guarantees33

2.12 Tied Selling.....33

2.13 Meetings.....34

2.14 Supervising Other Agents35

2.15 Fiduciary Duties37

2.16 Personal Service Corporations.....37

2.17 Invoices.....37

2.18 Penalties, Charges or Suits.....39

2.19 Office Access.....39

2.20 Office Attire41

2.21 Vacation Notification41

3.0 Advertising Policy 43

3.1 Introduction.....43

3.2 Definition of Public Relations Material and Promotional Materials.....43

3.3 Use of Authorized Names.....43

3.4 Use of Title (Broker/Agent).....45

3.5 False, Misleading or Deceptive Information.....45

3.6 Examples of False or Misleading Advertisements47

3.7 Specific Rules for Specific Mortgage Types47

3.8 Mandatory Brokerage Approval49

3.9 Do Not Call List49

4.0 Suitability and Disclosure to Borrowers 49

4.1 Introduction.....49

4.2 Suitability Based on the Borrower’s Financial Circumstances51

4.3 Suitability Based on the Borrower’s Personal Circumstances51

4.4 The Borrower’s Financial Literacy and General Knowledge of Mortgages.....51



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

4.5 Suitability – What Needs to be Documented53

4.6 Suitability - Disclosing Material Risks53

4.7 Know your Client – Suitability Profile Form.....55

4.8 Suitability – Possible Mortgage Options.....57

4.9 Client Right to Waive Suitability Assessment57

4.10 The Client Agreement Form57

4.11 Compensation.....59

4.11.1 Referral Fees and Compensation Received.....61

4.11.2 Referral Fees Paid.....61

4.11.3 Incentives Other Than Money Received61

4.11.4 Incentives Other Than Money Paid.....61

4.12 Collection of Identification63

4.13 Original Documentation/Verification of Documentation for Fraud Prevention.....65

4.14 Verify Borrower Application65

4.14.1 Review Credit Report65

4.14.2 Verify Employment and Income.....67

4.14.3 Verification of Down Payment.....67

4.14.4 Verify Property.....69

4.14.5 Verify Intent to Reside69

4.14.6 Verify Appraisals71

4.15 Disclosure71

4.16 Review the application with the borrower.....71

4.17 Conflicts of Interest71

4.18 Indemnification of Brokerage.....73

4.19 Lender Disclosures.....73

5.0 Applications 74

5.1 Meeting with Clients74

5.2 Documents Required For Application.....75

5.3 Credit Bureaus.....75

5.4 Approvals & Borrower’s Disclosure.....77



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

5.5 Declined Deals77

5.6 Appraisals77

5.7 Outstanding Conditions79

5.9 Use of Electronic Signatures79

5.10 Brokerage Compliance Forms.....80

5.10.1 Material Risk Disclosure81

5.10.2 Deal Attestation Form81

5.10.3 Funds Disbursement Worksheet81

5.10.4 Reasoning Letter81

5.11 Underwriting Hub81

5.12 Agent/ Broker Own Deals and Arms-Length Transactions83

5.13 Lenders83

5.14 Access Desk/ Deal Desk83

6.0 Mortgage Underwriting 85

6.1 Introduction.....85

6.2 Fraud Prevention85

6.3 Down Payment87

6.4 Income.....88

6.5 Confirming Income of the Applicants.....91

6.6 Confirmation of Identification91

6.7 Deemed Trust93

Material Risks Deemed Trust.....97

7.0 Private Lenders 58

7.1 Introduction.....58

7.2 Agents Must Not Sign Investment Disclosure Forms58

7.3 Principal Broker Must Approve All Private Lenders58

7.4 Know Your Investor / Lender58

7.5 Investor Disclosure Form.....60

7.6 Designated Class of Lenders or Investors.....60

7.7 Borrower Enhanced Due Diligence for Private Lenders62



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

7.8 Submitting Applications to Private Lenders62

7.9 Lending of Personal Funds.....62

8.0 Mortgage File Documentation Requirements 64

8.1 Introduction.....64

8.2 The File Checklist64

8.3 Documentation Requirements64

8.4 Files for Non-Completed Mortgages65

8.5 Complete File Required Before Commissions Paid.....65

8.6 Electronic Filing Requirements65

8.7 Home Office Storage66

8.8 Vehicles.....67

8.9 Digital Storage (USB/Hard Drive).....67

8.10 Cloud Storage67

8.11 Destruction of Files by Agent / Brokers.....67

8.12 Maintaining Files.....68

8.13 Co-brokering.....68

8.13.1 Outgoing Co-Brokering.....68

8.13.2 Incoming Co-Brokering.....70

8.13.3 Internal Co-Brokering.....70

9.0 Managing Deemed Trust Funds 71

10.0 Syndicated Mortgages 72

10.1 Introduction.....72

10.2 Qualified Syndicated Mortgages72

10.3 Non-Qualified Syndicated Mortgage72

10.4 FSRA Rules Regarding Non-Qualified Syndicated Mortgages.....73

10.5 Dealing with Qualified Syndicated Mortgages76

10.6 Assessing Suitability.....78

10.7 Not Dealing in Non-Qualified Syndicated Mortgages.....79

11.0 Human Resources Policies and Procedures 80



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

11.1 Hiring Policy Overview.....80

11.2 Hiring Process80

11.3 Employee/Contractor Setup83

11.4 Errors & Omissions Insurance Coverage83

11.5 Mandatory HR Posting84

11.6 Rest & Meal Breaks84

11.7 Statutory Holidays84

11.8 Vacation Time86

11.10 Leaves of Absence under the Employment Standards Act, Ontario.....86

11.11 Bereavement Leave87

11.12 Performance Reviews87

11.13 Human Resource File88

11.14 Performance Improvement & Disciplinary Process.....88

11.15 Assistant’s Policy.....89

11.16 Co-brokering Compensation.....91

12.0 Privacy Policy 91

12.1 Overview.....91

12.2 Introduction.....91

12.3 The Ten Principles of Privacy92

12.4 Information We Typically Collect.....94

12.5 How Your Information Is Used94

12.6 When Can We Disclose Your Personal Information?.....95

12.7 With Whom We May Share Your Information95

12.8 How We Safeguard Information.....97

12.9 Accessing and Amending Your Information97

12.10 Opting Out97

12.11 Questions, Concerns and Complaints98

13.0 Harassment /Non-discrimination Policy 98

13.1 Purpose.....98



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

13.2 Definitions98

13.3 Examples of Harassment or Discrimination.....100

13.4 Responding To Harassment.....100

13.5 Reporting Process.....102

13.6 Responsibility.....102

14.0 Accessibility..... 103

14.1 Statement of Commitment.....103

14.2 Training.....103

14.3 Information & Communications103

14.4 Employment104

14.5 Design of Public Spaces104

14.6 Modification to Other Policies.....104

15.0 Accessible Customer Service 104

15.1 Communication104

15.2 Mortgage Documents.....105

15.3 Assistive Devices.....105

15.4 Use of Service Animals and Support Persons105

15.5 Notice of Temporary Disruption105

15.6 Training.....106

15.7 Feedback Process106

15.8 Modifications to this or Other Policies.....108

16.0 Email & Electronic Messaging Usage Policy..... 108

16.1 Introduction.....108

16.2 Use of Brokerage Email.....108

16.3 Legal and Reputational Risks108

16.4 Legal Requirements109

16.5 Best Practices.....109

16.5.1 Replying to emails111

16.5.2 Maintenance111



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

16.5.3 Confidential Information.....111

16.6 Encryption.....111

16.7 Email Accounts111

16.8 System Monitoring112

16.9 Email Signature.....112

16.10 Disclaimer112

16.11 Canada’s Anti-Spam Legislation.....112

16.12 Other Electronic Messaging.....114

17.0 Complaints Policy 114

17.2 Definition of Complaint114

17.3 Complaints Officer.....114

17.4 Registration of Complaint.....115

17.5 Processing of Complaint.....115

17.6 Response Process – Verbal Complaints.....116

17.7 Response Process – Written Complaints.....117

17.8 Documentation Requirements117

18.0 Internet & Computer Usage Policy 118

18.1 Introduction.....118

18.2 User Hardware Connectivity to Our Brokerage Systems.....118

18.3 Anti-Virus Software Policy118

18.4 User Responsibility118

18.5 Best Practices.....120

18.6 Authorized Use120

18.7 Unauthorized Use.....121

18.8 Downloading/Uploading Software Images.....121

18.9 Two Factor Authentication (2FA)123

18.10 Blogging123

18.11 Questions.....124

18.12 Declaration.....124



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

19.0 Policy on Workplace Violence	125
19.1 Introduction	125
19.2 Definitions	125
19.3 Policy	125
19.4 The Process.....	126
20.0 Health & Safety	126
20.1 Statement of Commitment.....	126
20.2 Roles & Responsibilities.....	126
20.3 Health & Safety Awareness Training	128
21.0 Office Co-operation and Professional Conduct.....	128
21.1 Introduction.....	128
21.2 Professional Courtesy.....	128
21.2 Examples of Professional Courtesy.....	129
22.0 Conflict Resolution	129
22.1 Introduction.....	129
22.2 Process.....	129
22.3 Arbitration	131
22.4 Arbitration Guidelines	131
23.0 Employment Separation	131
23.1 Ongoing Review.....	131
23.2 Voluntary Separation.....	131
23.3 Involuntary Separation	131
23.4 Cessation of Employment.....	134
24.0 Brokerage Forms	135
25.0 Acknowledgement & Agreement	136
Appendix A - Designated classes of lenders and investors.....	137
Appendix B Brokerage Fee Schedule	139
Appendix C Residential Mortgage Application Flow Chart.....	140
Appendix D Brokerage Application Form.....	141



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

Introduction

This Manual covers all areas relating to the processing of mortgage applications, information to be included in all mortgage files, your conduct as a Mortgage Broker/Agent of XLG MORTGAGE GROUP Inc. operating as XLG MORTGAGE GROUP (hereafter XLG MORTGAGE GROUP Service or the Brokerage) and licensed with the Financial Services Regulatory Authority under license number 12957, and your duties and responsibilities under the Mortgage Brokerages, Lenders and Administrators Act, 2006 (MBLAA, 2006) and its Regulations, as they relate to the overall conduct of your business.

We have undertaken to ensure this entire manual covers all areas of the Act and its Regulations in plain English; however, it is still highly recommended that you read the Act and its Regulations for yourself as well as the Frequently Asked Questions pertaining to Mortgage Brokerage practicing available on the FSRA website (<http://www.fsrao.ca>).

These Policies were developed in order to provide an equitable environment for all Mortgage Brokers/Agents, and to ensure that our business is conducted according to all applicable rules and regulations contained in employment legislation and the Mortgage Brokerages, Lenders, and Administrators Act, (2006) and its Regulations. A complete copy of the Act and relevant Regulations are available from the Principal Broker, in case you ever need to refer to them.

It is extremely important that these Policies & Procedures are followed as described herein. Failure to follow them can lead to:

Reputational Risk to our Brokerage, the Principal Broker, yourself, and your fellow Brokers/Agents; Legal Risk to the same entities above in the form of civil actions and, in some cases, police investigations and criminal charges; and

Business Risk in the form of financial and regulatory penalties levied against this Brokerage, the Principal Broker, and yourself, up to and including the termination of our Brokerage License and your Broker or Agent License by the Financial Services Commission of Ontario.

It is **extremely important** that you follow the Policies & Procedures as outlined in this Manual. If you have any questions whatsoever about any of them, please ask the Principal Broker/Compliance Officer. Failure to do so may result in severe penalties and disciplinary action up to, and including, termination of your contract with this Brokerage.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

Always remember the **cardinal rule** as it applies to the conduct of your business: If you suspect something is wrong, or if your intuition tells you something isn't quite right, chances are there is something wrong. In all cases like this, consult with the Principal Broker for guidance or advice on how to handle the situation.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

1.0 Code of Ethics

1.1 Introduction

The Code of Ethics described below is not meant to be all-inclusive, but rather to serve as a guide for the Mortgage Brokers/Agents of XLG MORTGAGE GROUP.

A Code of Ethics is defined as a written set of guidelines issued by an organization to its workers and management to help them conduct their actions in accordance with its primary values and ethical standards. This Code reflects the level of professionalism that XLG MORTGAGE GROUP demands of all its Mortgage Brokers/Agents.

By adopting this Code and putting it into daily practice, you build the strongest of foundations for longterm success within this industry.

1.2 Behaviours and Attitudes

At XLG MORTGAGE GROUP, we believe that Mortgage Agents and Mortgage Brokers are professionals assisting our clients in getting the right borrowing products and educating them on how to manage their cash-flow while paying down debt on a schedule that meets their lifestyle.

In order to be successful on this path, there are professional behaviours and ethical attitudes that consumers, the regulator, and the industry expect of Mortgage Brokers/Agents:

- Honesty
- Integrity
- Professionalism
- Knowledge
- Competency
- Law-Abiding
- Respectful of Privacy
- Empathetic
- Cooperative
- Collaborative
- Accurate
- Confident
- Trustworthy
- Reliable
- Straightforward
- Non-Discriminatory
- Compliant
- Efficient

This is by no means a complete list of attitudes and behaviors, but should reflect the attitudes and behaviors of the Mortgage Brokers/Agents of XLG MORTGAGE GROUP.

1.3 Ethical Standards

Mortgage Brokers/Agents of XLG MORTGAGE GROUP shall conduct their activities with honesty, integrity and professionalism, ensuring that they are knowledgeable in the areas of the mortgage industry in which they participate. Furthermore, Mortgage Brokers/Agents of XLG MORTGAGE GROUP shall at all times act




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

in compliance with this Code of Ethics, viewing this Code as a minimum standard of professional behaviour, in addition to developing and executing sound business practices.

1.4 Fees and Charges



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

A Mortgage Broker/Agent of XLG MORTGAGE GROUP must not ever take advantage of the Borrower's situation by charging fees that are more than is reasonable given the circumstances of the transaction, or attempt to complete a mortgage transaction where the cost of borrowing grossly exceeds the cost of borrowing currently available to like Borrowers for a similar transaction.

The Brokerage reserves the right to adjust, amend or alter fees deemed excessive on any deal without recourse given to the agent/broker. The brokerage will notify the agent/broker upon determination of the deemed excessive fee of the adjustment to the fee(s).

At no time will a transaction be permitted where the Annual Percentage Rate (APR) will violate Section 347 of the Criminal Code (Canada) as it related to annual interest rates exceeding 60%.

1.5 Duty to Protect

Mortgage Brokers/Agents of XLG MORTGAGE GROUP shall use their best efforts to protect all parties to a mortgage transaction and the public against fraud, misrepresentation, unethical practices or other violations of this Code of Ethics or the Mortgage Brokerages, Lenders and Administrators Act, 2006 and its Regulations (hereafter referred to as the MBLAA, 2006).

1.6 Fraud Identification

Mortgage Fraud is defined by Criminal Intelligence Service Canada (CISC) as the deliberate use of misstatements, misrepresentations or omissions to fund, purchase or secure a loan. Simply put, Mortgage Fraud is any scheme designed to obtain mortgage financing under false pretenses, such as using fraudulent or stolen identification or falsifying income statements and/or supporting documents. The life cycle of a mortgage transaction begins when you make initial contact with the client, and ends when the mortgage you have placed ceases to exist with the Lender with whom you placed the mortgage.

There is no statute of limitations regarding fraud, in the sense that fraudulent activity can be detected and prosecuted long after the transaction has been completed.

There are three main types of Mortgage Fraud in Canada – Fraud for Criminal Activity, Fraud for Profit, and Fraud for Shelter.

Fraud for Criminal Activity occurs when the intent is to secure a property for the purposes of conducting criminal activity on the premises. Marijuana grow-ops and motorcycle gang clubhouses are just two examples of this type of fraud.




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

Fraud for Profit occurs when the intent is to directly profit financially from the performance of the fraudulent action. Title fraud and value fraud using inflated property value and straw buyers are typical forms of this type of fraud. The Brokerage should take reasonable steps to verify the Borrower's legal authority to mortgage the property.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

The third (and most common) type of fraud is Fraud for Shelter. This occurs when a client misrepresents one or more material facts regarding their financial situation in order to gain a mortgage for the purposes of their own residential needs. Misstating employment, income or providing phony down payment documentation such as altered account statements or bogus gift letters are common methods used by borrowers to obtain mortgages for which they do not qualify.

It is rarely possible to determine the motive when fraud/misrepresentation is detected at the application stage. For this reason, treat all instances of misrepresentation seriously. It is important for you to remember that **fraud is fraud, regardless of the reason**. While there may be extenuating circumstances around the situation, be aware that if you suspect a client is being dishonest with you during the mortgage process, you must perform additional due diligence to assure yourself of the validity of the information prior to deciding to continue to deal with them.

Turning a blind eye to fraud is also a commission of fraud. Under no circumstances should a Broker or Brokerage continue to act for a Borrower or other party suspected of committing fraud or materially misrepresenting application information, or omitting fraudulent facts or information pertaining to the Application.

Immediately terminate the relationship with the Borrower, Lender or Investor if you have reasonable grounds to believe that the mortgage is unlawful or contains material misrepresentation of application information. Document your suspicions and retain all materials on file. Report to the Principal Broker for further instruction, such as to advise the Lender and/or other appropriate parties under the circumstance.

1.7 Borrower Conduct

(O. Reg. 188/08 s.12, 13)

A Mortgage Broker/Agent of XLG MORTGAGE GROUP should immediately terminate their relationship with a Borrower if:

- The Borrower instructs them to do anything that would contradict their duty as outlined in section 1.1.5 above;
- The Borrower instructs the Mortgage Broker/Agent to do anything that contravenes the MBLAA, 2006 or this Code; or
- The Mortgage Broker/Agent becomes aware during the course of the transaction that the Borrower has knowingly provided false information designed to mislead the Mortgage Broker/Agent, Lender, or other party to the transaction.

1.8 Disclosure



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

Mortgage Brokers/Agents of XLG MORTGAGE GROUP shall disclose to all appropriate parties of a mortgage transaction, in the prescribed form and within the period as required under the MBLAA, 2006 (O. Reg. 191/08 s.7), all fees payable by the Borrower (O. Reg. 188/08 s.30 (9)), all referral fees (O. Reg. 188/08 s.22), or fees of a similar kind by whatsoever name receivable by the Mortgage Broker/Agent (O. Reg. 188/08 s.21).



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall not provide services to a Borrower where the Mortgage Broker/Agent has or may acquire a direct or indirect financial interest in the mortgage transaction, unless the Mortgage Broker/Agent discloses such interest, clearly and truthfully, to the Borrower (O. Reg. 188/08 s.27).

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall disclose to the Borrower, in a clear and truthful manner, all real or perceived conflicts of interest prior to the processing of any mortgage transaction.

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall disclose to the Borrower any referral fees paid by the Mortgage Broker/Agent to any third-party (O. Reg. 188/08 s.22).

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall disclose any other information not specifically identified here as required by the MBLAA, 2006, in a timely manner as prescribed by the MBLAA, 2006.

The afore-mentioned disclosures shall be done by providing a completed Disclosure to Borrower form along with the Material Risk Disclosure form. The Material Risk Disclosure form shall indicate any additional risk associated with the type of financing the borrower is accepting and the Agent/Broker will obtain initials and signatures on the form to confirm that said disclosures have been provided to the borrower.

While some of this information is contained within the Disclosure to Borrower, you are required by the MBLAA, 2006 and its Regulations (O. Reg. 188/08 s.18 & 19) to provide to a Client the following information on request:

- The number of lenders on whose behalf the Mortgage Brokerage acted during the previous fiscal year;
- Whether the Brokerage itself was a lender in the previous year;
- The name of the Lender, if any, with whom the Brokerage arranged more than 50 per cent of the total number of mortgages and mortgage renewals during the previous fiscal year.

The Principal Broker will provide the updated information regarding the above disclosures annually once that information is available.

1.9 Confidentiality

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall hold in strict confidence any information arising from the professional relationship concerning the business and affairs of their Client, and shall not



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

divulge that information unless the Mortgage Broker/Agent is expressly authorized by the Client or required by law to do so.

The Mortgage Broker/Agent of XLG MORTGAGE GROUP will take all reasonable and necessary steps to protect the confidentiality of the Borrower's personal information. This includes (but is not necessarily limited to) secure handling of all hardcopy client files through the storage of such files in locking storage



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

cabinets or an area with lockable, restricted access. The Mortgage Broker/Agent will also ensure the establishment of password-protected access to any laptop or desktop computer, tablets, or cell phones containing personal client data.

A Mortgage Broker/Agent of XLG MORTGAGE GROUP, acting for more than one party to a transaction, shall not act to the detriment of any one of the parties by withholding material information from the other party or parties.

1.10 Competence

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall endeavour to stay informed regarding the MBLAA, 2006, regulations, proposed legislation, other relevant laws, and other essential facts relevant to public policies related to the services they provide.

When a Mortgage Broker/Agent of XLG MORTGAGE GROUP is unable to render service in accordance with the standards required in this Policy & Procedure Manual, the Mortgage Broker/Agent shall decline to provide said service.

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall provide timely service and respond on a timely basis to inquiries from any or all participants in a mortgage transaction.

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall act with their best efforts to ensure that the disclosure of information to the Borrower and the preparation of documentation is true, plain, and not misleading (O. Reg. 191/08 s.6 (4)).

1.11 Member Competition

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall not criticize a competitor Mortgage Broker/Agent or Brokerage unfairly, nor refer to another Mortgage Broker/Agent or Brokerage in a unfair disparaging manner. The Mortgage Broker/Agent shall act fairly and respectfully with any other Mortgage Broker/Agent or Brokerage with whom they encounter in the course of their duties.

Mortgage Brokers/ Agents will not compete within the Brokerage. In the event of a competitive situation within the Brokerage, the Principal Broker must be notified as soon as possible by either or all parties. A resolution will be provided by the Principal Broker after careful review of the situation and all parties will agree to abide by said resolution.

1.12 Co-operation with Provincial Regulatory Bodies




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall co-operate with any investigation by the Financial Services Regulatory Authority (FSRA) (2016), any other applicable regulatory body, or similar agency responsible for governance of the mortgage brokerage industry or individuals dealing with mortgages. Co-operation may include providing access to copies of all documents and answering all



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

questions relevant to the investigation, unless prevented from doing so by law, or under instructions by legal counsel.

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall testify, when requested to do so by an authorized representative of an applicable legal entity, at any hearing involving another Mortgage Broker/Agent or Brokerage.

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall not obstruct an investigation, including withholding or concealing documents, information, or attempting to influence the information or evidence that a potential witness might provide at any investigation of a Mortgage Broker/Agent or Brokerage.

The Mortgage Broker/Agent shall not submit false or misleading information to an investigator or any authorized committee involved in such an investigation.

In the event any investigation is ever launched against you while your license is/was held by this brokerage, you must notify the Principal Broker immediately.

1.13 Advertising

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall apply, set, and maintain standards of honesty, truth, accuracy, fairness and propriety in advertising and shall comply with the Canadian Code of Advertising Standards, as well as the policies and procedures of this brokerage, which deal with advertising and marketing, to ensure compliance with the MBLAA, 2006 (O. Reg. 188/08 s.5, 6, 7, 8). All advertising must be approved by the Principal Broker or their designate before publication or other use. Please refer to Section 3.0 Advertising Policy

1.14 Discrimination

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall not, when acting in a professional capacity, discriminate or participate in discrimination against any person on the basis of race, creed, gender, or sexual orientation, and shall adhere to the Ontario Human Rights Code, as it applies to their business.

1.15 Laws and Regulations

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall conduct their activities in full compliance with all federal, provincial and municipal laws and regulations. Any conduct by a Mortgage Broker/Agent that results in a violation of any criminal or civil code is deemed unlawful and unethical.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

1.16 Questionable Activities

The Mortgage Broker/Agent of XLG MORTGAGE GROUP shall report to the Principal Broker any activities that could be deemed contrary to the Act, whether that person is employed by Approved



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

Financial Services or otherwise. XLG MORTGAGE GROUP will report such activities to the regulator.

2.0 General Business Practices

2.1 Role of the Brokerage

XLG MORTGAGE GROUP and all Mortgage Brokers/Agents licensed under our firm, have a defined role in relation to Borrowers and Lenders for every mortgage transaction we conduct (O. Reg. 188/08 s.26). While we must exercise due diligence with respect to all areas of a transaction, XLG MORTGAGE GROUP is usually acting on behalf of the Borrower and the Lender/Investor. Regardless of whether we are dealing with a financial institution, private lender or consortium, or a non-bank lender, we have a legal responsibility to act on behalf of the Borrower and the Lender/ Investor, unless we are only acting on behalf of the Investor in the case of private mortgages.

It is important to note that our role as acting for the Borrower does not excuse us from acting responsibly and exercising our fiduciary responsibility at all times regarding information we provide to Lenders, the accuracy of that information, or our due diligence in the prevention of fraud. In this sense, we also act on behalf of the Lender, ensuring their policies, procedures, and requirements are met when conducting transactions with Borrowers.

Where this circumstance becomes most important is when we are dealing with Private Lenders that are not members of the Designated Class of Lenders under the MBLAA, 2006 (O. Reg. 188/08 s.2). In these cases, we have to represent both the interests of the Lender (determining if the investment is suitable) and the Borrower (determining if the mortgage is suitable) (O. Reg. 188/08 s.24). We will go into greater detail later in this manual under Section 4.0 Suitability and Disclosure to Borrowers.

The MBLAA, 2006 specifically states that you may not act for a borrower or lender if you believe a mortgage is unlawful (O. Reg. 188/08 s.12). We must remain vigilant, at all times, to ensure all transactions are conducted with the utmost honesty and integrity, and that we always obey the Act, its Regulations, and the Law.

Brokers/ Agents shall disclose whether the Brokerage is acting for “The Borrower & the Lender, not to the preference of either”, “The Borrower, not the Lender” or “The Lender, not the Borrower” depending on the circumstance. In the majority of cases the Brokerage will be acting for “The Borrower & the Lender, not to the preference of either”. For applications where the Brokerage will be representing either the Borrower or Lender only, the Broker/ Agent must discuss the file with the Principal Broker before proceeding with the file.

2.2 Where It Is Suspected A Mortgage Is Unlawful

Under no circumstances may you or the Brokerage act for a borrower, lender or investor if you have




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

reasonable grounds to believe that the mortgage is unlawful or contains material misrepresentation of application information. Immediately report your suspicions to the Principal Broker for further instruction, document the same, and advise the lender and/or other appropriate parties.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

The Principal Broker and/or Compliance Officer should consider the following to determine an appropriate course of action:

- What is the strength of the proof provided?
- What is the potential impact of the incident?
- Has the application been submitted/approved/funded?
- Is it a single incident or is the borrower or other party likely to try again at another lender and/or with another broker?
- Does the incident potentially involve assistance from parties other than the borrower? Does the incident appear to be “fraud for shelter” or part of an organized criminal scheme involving multiple properties and different lenders?

The Principal Broker should consider the nature, seriousness, scope and impact of the incident. Possible actions include, in the order of severity:

- Take no action;
- Request additional information or supporting documentation from the borrower;
- Decline to proceed with the transaction;
- Report the matter to the lender(s);
- Report the matter to the mortgage insurers (fraud@cmhc.ca; fraudwatch@canadaguaranty.ca, stopfraud@genworth.com);
- Report the matter to the provincial mortgage broker governing body (i.e. FSRA);
- Report the matter to the appropriate provincial industry regulatory body (e.g. Law Society of Upper Canada, Real Estate Council of Ontario, Appraisal Institute of Canada)
- Report the matter to the Police, FINTRAC (See Providing Voluntary Information), Canada Revenue Agency (Informant Leads Program), etc.; or

Take other action as appropriate.

Your duty of care does not end after the transaction has closed. If possible fraud is identified after the fact; it must be reported to the respective investigative authorities.

When reporting suspected fraud, be guided by the Digital Privacy Act; specifically section 7(3)(d) and (d.1): “(3) For the purpose of clause 4.3 of Schedule 1, and despite the note that accompanies that clause, an organization may disclose personal information without the knowledge or consent of the individual only if the disclosure is:

(d) made on the initiative of the organization to an investigative body, a government institution or a part of a government institution and the organization

i) has reasonable grounds to believe that the information relates to a contravention of the laws of Canada, a province or a foreign jurisdiction that has been, is being or is about to be committed, or




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

(d.1) made to another organization and is reasonable for the purposes of investigating a breach of an agreement or a contravention of the laws of Canada or a province that has been, is being or is about to be committed and it is reasonable to expect that disclosure with the knowledge or consent of the individual would compromise the investigation



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

(d.2) made to another organization and is reasonable for the purposes of detecting or suppressing fraud or of preventing fraud that is likely to be committed and it is reasonable to expect that the disclosure with the knowledge or consent of the individual would compromise the ability to prevent, detect or suppress the fraud

(d.3) made on the initiative of the organization to a government institution, a part of a government institution or the individual's next of kin or authorized representative and

- (i) the organization has reasonable grounds to believe that the individual has been, is or may be the victim of financial abuse;*
- (ii) the disclosure is made solely for purposes related to preventing or investigating the abuse, and*
- (iii) it is reasonable to expect that disclosure with the knowledge or consent of the individual would compromise the ability to prevent or investigate the abuse."*

2.3 Working for Only One Brokerage

The MBLAA, 2006 specifically states that Mortgage Brokers/Agents must work for only one Mortgage Brokerage at a time (2006, c29, s8 (4) & s. 11 (5)). You may not, at any time during your contract with XLG MORTGAGE GROUP, work for another Mortgage Brokerage.

2.4 Representing the Brokerage

Whenever acting in the capacity of their role, a Mortgage Broker/ Agent of XLG MORTGAGE GROUP shall always conduct themselves in a manner that represents the Brokerage with the highest degree of integrity and professionalism. The Broker/Agent is considered to be acting in the capacity of their role when they deal with the public regarding mortgages, advertising mortgages, producing and/or distributing marketing material about mortgages (including business cards), wearing the brokerage pin, attending the office, attending or participating in events or functions arranged by the brokerage, lenders, business partners or affiliates and/or attending or participating in business developing or networking activities.

2.5 Operating Other Businesses/Other Employment

It is understood that individuals may conduct other businesses, work at part-time or full-time jobs, or hold other licenses at the same time they are licensed as Mortgage Brokers/Agents (O. Reg. 188/08 s.56). It is the policy of this Brokerage that you are permitted to operate other businesses, work part-time or fulltime at other companies, or hold other licenses while licensed by XLG MORTGAGE GROUP as long as that business is conducted completely separately from your mortgage business, and as long as there is no




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

direct conflict of interest between that business/employment and your mortgage business. If you are operating another business, or working for another employer, you must ensure it does not jeopardize XLG MORTGAGE GROUP' integrity, independence or competence in any way.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

Please note that you must receive **approval from the Principal Broker** to engage in any other business activity, or other employment, so that a notation can be made in your file indicating that the Brokerage does not feel there is any conflict in conducting this non-related business or taking this additional employment.

If any at time you are seeking or have obtained other employment, started or considering starting a business or have made current to your current other employment or business you must immediately notify the Principal Broker by providing a completed Declaration of Other Business Activities form for review and approval. A failure to provide this information will result in a monetary penalty of \$2,500 charged by the brokerage and can also result in termination with cause from the brokerage which will be report to FSRA. A sample copy of the Declaration of Other Business Activities form can be found in the Policy & Procedures Manual Supplemental 2 document.

2.6 Use of Information

Do not use any information that you obtained while carrying on your mortgage business for **any other purpose**, without first obtaining the written consent of the individual or business who is the subject of the information, and including a copy if this consent within the mortgage file and obtaining the consent of your Principal Broker (O. Reg. 188/08 s.57).

2.7 Changes to Your Contact Information

You must notify FSRA and your Principal Broker of changes to your mailing address, e-mail address, and/or telephone or fax number within 5 days of the change that is taking place (O. Reg. 193/08 s.6). **Late notifications by Mortgage Brokers/Agents may result in a \$250 penalty payable to FSRA per instance (O. Reg. 193/08 s.15 (1)). There will be an additional charge of \$1,000 payable to the brokerage per instance.**

Any penalty charged to the Brokerage due the action or lack thereof by a Broker/ Agent will be charged back to that Broker/ Agent.

2.8 Necessity To Be Licensed

Trading or dealing in mortgages without a license is strictly prohibited (O. Reg. 188/08 s.43). All Mortgage Brokers/Agents of XLG MORTGAGE GROUP with our brokerage must be approved and licensed by FSRA to conduct mortgage business.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

2.9 Advance Fees & Funds / Trust Accounts

The MBLAA, 2006 contains very specific rules regarding the collection of advance fees and funds for mortgage transactions, and the handling of any advance funds in trust accounts.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

In every case, you are prohibited from collecting advance fees for mortgages of \$400,000 or less — if the principal amount of the mortgage is \$400,000 or less, the Mortgage Brokerage cannot require or accept an advance payment/deposit for services to be rendered and expenses to be incurred by the Brokerage or any other person (i.e. appraisal fee) (O. Reg. 188/08 s.37).

The Brokerage does not operate a Trust Account and as such it is the position of the Brokerage that Brokers/ Agents shall not request or accept advance fees for any mortgage without consent of the Principal Broker. If consent is given, the advance fee has to be directed to a lawyer's trust account in agreement and compliance with the lawyer. Refer to section 9.0 Managing Deemed Trust Funds.

For private mortgages, you are also prohibited from receiving funds from Investors/Lenders in advance. Neither the Mortgage Brokerage nor the Mortgage Broker/Agent is permitted to receive funds from an Investor unless an existing mortgage is available, or from a Lender/Investor unless a mortgage application, approval, and intention to fund has been made on a specific property (O. Reg. 188/08 s.38).

You are prohibited from offering guarantees to Lenders/Investors — you cannot offer a guarantee to a Lender/Investor regarding a mortgage loan or mortgage investment (O. Reg. 188/08 s.16).

2.10 Indicating Fees are Government-Approved

You may not, at any time, indicate that Mortgage Brokerage fees are approved by the government or any government authority. The only exception is fees under the Land Titles Act or the Registry Act (O. Reg. 188/08 s.20).

2.11 Guarantees

You are prohibited from offering any guarantees to Borrowers regarding future interest rates on variable rate mortgages, or any other guarantees regarding their mortgage that is not explicitly stated in the mortgage commitment or mortgage instrument.

You are prohibited from offering guarantees to Lenders/Investors — you cannot offer a guarantee to a Lender/Investor regarding a mortgage loan or mortgage investment (O. Reg. 188/08 s.16).

2.12 Tied Selling

You are prohibited from engaging in tied selling. Borrowers cannot be required to obtain a product or service as a condition for obtaining another product or service from the Mortgage Brokerage (O. Reg.



XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

188/08 s.15).

2.13 Meetings



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

The Principal Broker is charged with the responsibility to supervise all the Agents/ Brokers within the brokerage. Meetings are a method of supervision and provide an opportunity for coaching, the sharing of knowledge and experience, and the generation of ideas for business development and best business practices. As such it is the policy of the Brokerage shall have at least one (1) mandatory meeting annually and that all Agents/Brokers must attend each mandatory meeting. Additionally, all Agents/Brokers must attend whether in person or virtually at least 80% of the other meetings held throughout the year.

The annual mandatory meeting provides an opportunity for the Brokerage to provide critical updates and information about policy, procedures, regulatory changes, fraud prevention and detection as well as other matters critical to the operation of the Brokerage. Unless prior approval has been granted by the Principal Broker for extreme circumstances, all Agents/ Brokers must attend this meeting. Failure to attend will result in all access being suspended for the absent Agent/Broker and a \$750 administrative fee to facilitate another session to cover the content from the meeting.

If an Agent/Broker does not attend at least 80% of meetings within the calendar year, they will be charged \$100 for each meeting short of the minimum required. Agents/Brokers are encouraged to attend as many meetings as possible to enhance their knowledge and development within their roles.

New Agent/Brokers to the Brokerage (not necessarily to the industry) will additionally be required to attend an orientation session. Deals will not be processed until the Agent/Broker has attended the orientation session.

A supervisory log of all attendance and material covered in the meeting will be maintained in the Brokerages' Operation and Supervisory Binder.

The Principal Broker may elect to waive the attendance requirement at their sole discretion.

2.14 Supervising Other Agents

Within XLG MORTGAGE GROUP, there are individuals who work alone to conduct their own business on a day-to-day basis, and other individuals who work collectively as a team in their businesses, taking advantage of synergies within their group. There are also individuals who have formed "Teams" underneath them, whereby they wish to accept responsibility for the actions of the Agents they recruit to their Team.

The MBLAA, 2006 is very clear regarding the supervision of Mortgage Agents, in section 9 (5), where it states: "A person who has a mortgage agent's licence shall not deal in mortgages in Ontario or trade in mortgages in Ontario except under the supervision of a mortgage broker".



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

Therefore, it is the policy of XLG MORTGAGE GROUP that no Teams shall be permitted unless the Team Lead is licensed as a Mortgage Broker in the Province of Ontario, in order for them to properly supervise the activities of the members of their Team.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

2.15 Fiduciary Duties

All Mortgage Brokers/Agents working for XLG MORTGAGE GROUP must at all times exercise full and total implementation of responsibility and Fiduciary Duties. Whether dealing with the Lender or the Borrower, the Broker or Agent cannot ignore their “Duty of Care”.

2.16 Personal Service Corporations

A Personal Service Corporation can be established by Mortgage Brokers/Agents. This is typically done to facilitate bookkeeping and/or taxation and is common when using the ‘team’ model mentioned earlier (refer to Section 2.14 Supervising Other Agents). Appropriate agreements between the Personal Service Corporation and the Mortgage Brokerage as well as agreements between the Mortgage Brokerage and each individual member of the Personal Service Corporation must be in place outlining the relationship between the parties involved. Only with these agreements in place will the Mortgage Brokerage be permitted to make any commission payments owing to each member of the Personal Service Corporation to the corporation, instead of payment personally.

Each individual member of a Personal Service Corporation **MUST BE SCREENED** and **APPROVED** by the Mortgage Brokerage with whom the Personal Service Corporation is setup. Each member may only receive payment or remuneration for dealing or trading in mortgages from one personal service corporation at a time. Each individual working under the Personal Service Corporation **MUST BE LICENSED** under the Mortgage Brokerage with whom the Personal Service Corporation is setup.

No payments may be received by the Personal Service Corporation, or any individuals working within it, from Borrowers, Lenders, or Investors. The Personal Service Corporation is not authorized or licensed to lend funds in any capacity except through the Mortgage Brokerage with whom the agreement is setup.

Because the Personal Service Corporation is **NOT** a licensed Mortgage Brokerage, the name of the Personal Service Corporation may **NEVER** be advertised or used in any marketing material or communications with Borrowers, Lenders, or Consumers in general. The Personal Service Corporation **MUST BE INVISIBLE TO THE PUBLIC**.

Refer to the appropriate regulations when setting up or working under a Personal Service Corporation model: www.e-laws.gov.on.ca/html/regs/english/elaws_regs_070407_e.htm

2.17 Invoices

All expenses, fees, penalties or charges incurred by an Agent/ Broker during any month will be invoiced to them during the next billing period. Invoices will be sent out once all necessary reports and bills have been



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

received by the Brokerage to allow for accurate preparation of the Agent/Broker invoice.

Invoice must be paid by the due day indicated on the invoice, otherwise the invoice will be in default.
Partial payments are not permitted, unless agreed upon in advance with the Principal Broker.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

If the Agent/Broker has chosen to pay their invoice by credit card, their card will be billed by the due date on the invoice. A 3.75% credit card processing fee will be added to their total invoice. If the credit card is declined, the Agent/Broker will be notified by email and will be given 24 hours to rectify the issue to allow the card to be charged or will e-transfer payment.

If the Agent/ Broker has chosen to pay by e-transfer the payment must be received no later than 11:59pm of the due date, else the payment will be in default. In the event the payment is not remitted, the Brokerage will charge the credit card on file.

In the event that the Brokerage cannot collect the payment due, whether by e-transfer or credit card, the Agent/Broker's system access will immediately be suspended. Any deals in progress will be turned over to the Principal Broker or designate for completion. If the invoice is not paid in full within 30 days on the closing/ funding of any transaction(s) all compensation from the transaction(s) will be forfeited without refund and the bill will still be outstanding. If the file has to be completed by the Principal Broker or designate because the Agent/Broker's access has been suspended, and at any point prior to funding the invoice is paid in full, the compensation payable to the Agent/Broker will be reduced by 80%.

It is the policy of the Brokerage that in order to maintain a clear and understandable accounting record that no invoices will be deducted from commissions.

The following will incur fees as outlined in Appendix B – Brokerage Fee Schedule:

- i. Past due invoices
- ii. Failure to provide a valid credit card on file
- iii. NSF payment

If the Brokerage so elects, outstanding invoices past 30 days can be placed on collections and may be reported on the Agent/Broker's credit bureau.

2.18 Penalties, Charges or Suits

It is the policy of the Brokerage that any penalties, charges or suits that are imposed on the Brokerage that were the result of actions or lack thereof by and Agent/Broker will be charged back to the offending Agent/Broker. This policy will extend to, but not be limited to, charges or penalties imposed by FSRA, Canada Revenue or any other regulatory or government agency. Failure on the part of the Agent/Broker to pay or reimburse the penalties, charges or suits will result in legal action taken by the Brokerage at the sole discretion of the Brokerage.

2.19 Office Access




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

All Agents/Brokers shall have access to the office during the offices normal business hours. Unless other previous arrangements have been made, all access to the office after hours or on off times must be granted by the Principal Broker. All Agents/Brokers, using the office outside of the office's normal business



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

hours, must ensure that alarms are set, documents are secured, cabinets and drawers locked, all doors are locked and all required lights are turned off.

When visiting the office during normal office business hours, Agents/Brokers are required to dress in business or business casual attire as outlined in the Section 2.20 Office Attire.

2.20 Office Attire

There is an expectation of professional from all Agents/ Brokers in the Brokerage, which included their dress attire. When attending the office, Agents/ Brokers are not only representing themselves, but also the Brokerage and their colleagues in the Brokerage. Unless otherwise authorized by the brokerage, Agents/ Brokers business dress in Business or Business Casual attire when attending the office. The following are options for attire:

- Full business suits
- Dress shirt (long or short sleeve) with dress pants/ skirts (tie optional)
- Dress shirt with dark blue or black jeans (optional blazer) (tie optional)
- Golf shirt with dress pants or dark blue/ black jeans
- Sweaters or cardigans without large brand logos along with dress pants/ skirts or dark jeans

All attire should be accompanied by dress shoes (except for health reasons). Running shoes, sandals, flip flops or other casual footwear is not permitted.

Jeans should not be ripped, torn or with cut outs.

Gym attire is not permitted.

2.21 Vacation Notification

Agents/ Brokers who are taking vacation or will not be accessible for contact for any period greater than 48 hours at a time are required to notify the Brokerage via the Vacation Notification Form (refer to Policy and Procedures Manual Supplemental 2 document). Agents/ Brokers must have a designated Agent/Broker within the Brokerage that will be covering their files and clients during their absence. It is up to both parties to determine how accepting and processing of new applications will work and what splits will apply and provide this information on the form. Agents/ Brokers can choose to utilize the HUB process




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

during their absence for new deals, however the Brokerage must have an acceptable method of contacting the Agent/Broker or an assigned designated. If an Agent/Broker is away or unavailable without notifying the Brokerage, a charge of \$500 per instance will be imposed.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

3.0 Advertising Policy

3.1 Introduction

The Standards of Practice for Mortgage Brokerages (Ontario Regulation 188/08 under the MBLAA, 2006) contains detailed advertising and marketing regulations. These rules are not optional – they are mandatory, and FSRA has made it quite clear there will be financial penalties for those individuals and Brokerages that do not comply.

Please note that these rules apply to anything and everything you use to market to the general public, referral sources, etc. in any medium, save any for Promotional Items as defined in the next section.

3.2 Definition of Public Relations Material and Promotional Materials

Public Relations Materials are defined as any advertising, marketing, promotions which you would produce and/or distribute to existing clients, potential clients or the general public in order to promote your business in the hopes of gaining additional business.

Promotional Materials are defined as those items, which you would distribute to peers or referral sources within the Mortgage, Real Estate, Legal, Appraisal, Inspection, or Financial Services industries in order to promote your business in the hopes of gaining referrals. In addition, Promotional Materials are also defined as those items, which you use to promote XLG MORTGAGE GROUP' name, brand, and identity, along with your own identity. This includes (but is not limited to) items like golf balls or golf towels, shirts, pens, coffee mugs, awards, etc.

Each Promotional Item will be evaluated on a case-by-case basis to determine whether full Brokerage information needs to be displayed. In any case, if anything has the individual Agent or Broker name on it, it is the policy of XLG MORTGAGE GROUP that the proper title as dictated by FSRA will follow your name (i.e. Mortgage Agent or Mortgage Broker).

Please submit all Promotional Material ideas/proofs to the Principal Broker for approval before purchasing and distributing so they can be approved as Promotional Materials as per this definition.

3.3 Use of Authorized Names

Your Authorized Name is the name under which you are licensed by FSRA. To verify your Authorized Name, visit the FSRA Website at <http://mbsweblist.fsco.gov.on.ca/agents.aspx> and use the search engine



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

to search for yourself. This will show you your Authorized Name.

You must conduct your business under this name, and this name only (O. Reg. 187/08 s.8). You must use this name on each and every piece of advertising, public relations material, business card, web posting, or any other documents as part of the mortgage application process.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

For example, if your name is Peter Smith, you may only conduct business under this name – you cannot use “Pete Smith” unless you have notified FSRA that this is the name under which you wish to conduct your business. In these cases, FSRA will add a bracketed name to the end of your listing in their systems (for this example, it would show as “SMITH, PETER (PETE)”), after which you may use the shortened form of your name to conduct your business as outlined above.

If you need to change your name, or the Authorized Name, you must first contact FSRA’s licensing department and ask for the change. Once they have completed it, you must notify the Executive Administrator so that XLG MORTGAGE GROUP can ensure you are listed properly in our internal systems, on your website, and that all mortgage application and transaction forms reflect this new name.

NOTE: The Brokerages signage and Public Relations materials must prominently disclose the Brokerages license number.

If you work under a team model or have setup a ‘Personal Service Corporation’s (see Section 2.14 Supervising Other Agents and Section 2.16 Personal Service Corporations) to facilitate bookkeeping and/or taxation, you **MUST** have the appropriate agreements in place with your Mortgage Brokerage, in which case the name of the Personal Service Corporation may **NEVER** be advertised or used in any marketing material or communications with Borrowers, Lenders, or Consumers in general.

3.4 Use of Title (Broker/Agent)

You must always ensure that you list yourself as either a Mortgage Agent, Mortgage Broker, Agent or Broker in all marketing and promotional materials. These titles must appear immediately following or below your name. You may use descriptive phrase such as “Specialist in Retail and Commercial Mortgages” or “A Highly-Trained Mortgage Expert” in addition to your legal title, but these phrases have to be in **addition** to your title (O. Reg. 188/08 s.6 (4)).

You can only represent yourself under the title that you are licensed with FSRA as. For example, if you are licensed as a Mortgage Agent with FSRA (completed only an accredited mortgage agent course), then you cannot refer to yourself as a “Mortgage Broker” or “Broker”.

Please note that it is not a requirement under Regulation 188/08 that Brokers/Agents provide their licensed numbers on promotional materials, but it is permitted.

3.5 False, Misleading or Deceptive Information

Any advertising or marketing materials you use must not contain any misleading or deceptive information




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

(O. Reg. 188/08 s.7).

Misleading representations may be the result of:

- Negligence
- Incompetence



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

- Intentional misrepresentation
- Improper use of disclaimers
- Improper reliance on industry terms
- Incomplete comparative ads
- Implied endorsements
- Improper use of teasers
- Use of unsubstantiated exaggeration
- Lack of timely reviews of advertisement

3.6 Examples of False or Misleading Advertisements

- Providing sample monthly repayment amounts for mortgage loans requiring no repayment of principal, without properly identifying that the payments shown represent only the interest portion;
- Advertising payment amounts for mortgage loans with unusually long amortization periods that do not specify the amortization period;
- Advertisements which contain repayment figures but do not contain an indication of the amortization period used to determine the repayment figure;
- Advertisements for interest-only mortgages that do not specify that the repayments do not include any principal amounts.

While in some instances the term “for illustration purposes” may be included with advertisements such as the above, it may or may not be sufficient to ensure that the ad is not misleading. The best practice is **ABC: Always Be Clear**.

3.7 Specific Rules for Specific Mortgage Types

There are also specific rules for advertising particular mortgages:

Fixed Amounts – Advertisements for a mortgage for a fixed amount that state the interest rate, or the amount of any prepayment, or of any charge other than interest, must also include the Annual Percentage Rate (APR) and the term of the mortgage; and the APR must be displayed in a manner consistent with the remainder of the ad. If the APR of the terms of the mortgage are not the same for all mortgages to which the advertisement relates, the disclosure must be based on an example of a mortgage that fairly depicts all those mortgages and is identified as a representative sample of them (O. Reg. 191/08 s.18).

Mortgages Securing Lines of Credit – Advertisements for mortgages that secure lines of credit that state the annual interest rate, or the amount of any payment, or of any charge other than interest, must also include the annual rate of interest on the date of the advertisement. They must also include any initial or periodic charges, other than interest, and this information must be displayed as prominently as the other



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

information in the ad (O. Reg. 191/08 s.19).

Interest-Free Periods – If an advertisement states or implies that a period of the mortgage is free of any interest charges, the ad must indicate whether interest accrues during the period and is payable after the period (O. Reg. 191/08 s.20). If interest does not accrue during a period, the ad must clearly state:



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

- That there is an interest-free period or grace period;
- The conditions that apply to qualify for the interest free period; The APR, or the annual interest rate, if the conditions are not met.

3.8 Mandatory Brokerage Approval

All Public Relations Materials you are planning to publish must be submitted to the Principal Broker for review before publication or printing, to ensure compliance with all rules and regulations. All Agents or Brokers must review the Advertising Checklist to ensure their Public Relations Material meet the requirements set forth in the regulations and the brokerage. A signed copy of the form must be submitted along with a clear copy of the Public Relation Material(s) to the Principal Broker with the public relation material for approval. This includes all print material, digital or electronic material, social media advertising, online advertising (i.e. Google Ad words, tag marketing etc.), email marketing, promotions, contests, raffles, and/or giveaways.

A sample of the checklist is available in the Policy and Procedures Manual Supplemental 2 document.

A copy of all approved advertising will be kept in your file for reference purposes.

Failure to request approval or any attempt to avoid or circumvent the approval process or publish nonapproved or non-compliant Public Relations Material will result in a fee of \$1,000 per instance charged to the Broker/ Agent. Any penalty charged will be exclusive of any charges by FSRA levied for noncompliance in advertising to the Broker/ Agent and the Brokerage.

3.9 Do Not Call List

All Agents/ Brokers electing to make solicitation calls other than call from a direct referral must ensure that explicit or implied consent is provided. All phone numbers for solicitation calls must be vetted against the National Do Not Call List. If the phone number is listed in the registry then the call cannot be made. You can access the List to check via <https://www.innate-dncl.gc.ca/en/Consumer/Check/#!/> Agents/ Brokers are responsible for all penalties imposed for violation of this National Do Not Call List and any penalties imposed on the Brokerage as a result will be passed on to the Agent/Broker.

4.0 Suitability and Disclosure to Borrowers

4.1 Introduction

Under the MBLAA, 2006 and its Regulations (O. Reg. 188/08 s.24), it is our duty, as Mortgage Brokers/Agents of XLG MORTGAGE GROUP, to first and foremost consider the needs and circumstances of the Borrower to ensure that any mortgage presented is suitable for them. Three basic elements to consider when assessing the suitability of a particular mortgage product are:




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

- Borrower's financial circumstances;



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

- Borrower's personal circumstances;
- Borrower's financial literacy and general knowledge about mortgages.

You need to be able to answer these questions:

- 1) Does this mortgage product meet with all of the Client's needs?
- 2) Does this mortgage product meet their risk tolerance?
- 3) Is this mortgage product affordable for the Client?

4.2 Suitability Based on the Borrower's Financial Circumstances

- ✓ Determine whether they qualify for this mortgage based on qualifying formulas;
- ✓ Encourage consideration to whether the overall cost will be **comfortable** based on their
- ✓ *actual* monthly budget taking into consideration monthly expenses not typically included in lender qualifying formulas (*provide budgeting resources – see Know Your Client*);
- ✓ Are there any patterns of past behaviour that might suggest challenges in managing
- ✓ payments;
- ✓ Are there any indicators that income may NOT be consistent, on-going or reliable;
- ✓ Review other financial priorities and goals and take those into account, ie. new car,
- ✓ home renovations, post-secondary education expenses;
- ✓ Help in matching payment frequency to pay cycles to facilitate budgeting.

4.3 Suitability Based on the Borrower's Personal Circumstances

- ✓ Understand the borrower's personal goals, plans and timelines;
- ✓ Understand the borrower's priorities and help match amortization and payments with these goals in mind;
- ✓ Understand the borrower's life stage to ensure sufficient flexibility is built into the
- ✓ mortgage to meet their needs, ie. maternity leave, job changes or re-location possibilities, retirement, marriage or divorce-related challenges;
- ✓ Ensure this mortgage product will be flexible enough to meet changing needs, to the best of your ability. Provide disclosure regarding product limitations.

4.4 The Borrower's Financial Literacy and General Knowledge of Mortgages

- ✓ Ensure the borrower understands what they are signing, i.e. as a mortgagor there are covenants being agreed to in addition to making the mortgage payments, such as
- ✓ Keeping condo fees, property taxes and a homeowner's insurance policy current and up to date, as well as maintaining the property in a good state of repair;



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

- ✓ Ensure the mortgage product(s) being offered meet the borrower's risk tolerance, ie. would their budget be able to accommodate fluctuations that occur with variable rate products;



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

- ✓ For first-time homebuyers or those with no previous mortgage or financing experience, ensure basic mortgage terminology is either explained or educational material is provided. Concepts such as 'fixed vs. variable rate' or 'term vs. amortization' or the implications of 'monthly vs. biweekly/weekly payments' are not common place knowledge – don't assume these terms are understood;
- ✓ Ensure borrowers understand the consequences of a longer vs. shorter term of the mortgage, i.e. what if I need to move, need more money, need to payout the mortgage in full prior to end of term;
- ✓ Ensure the mortgage product is affordable for the borrower, especially a first-time
- ✓ Buyers who may not be familiar with the cost of other housing expenses such as property taxes, condo fees, utilities, insurance, etc. Provide either a Monthly Budget spreadsheet or a Know Your Client Form to help understand all of their expenses relative to take-home pay.

4.5 Suitability – What Needs to be Documented

Keeping detailed notes specific to the above three areas are a required part of your complete client file:

- 1) Document – information received from clients specific to their needs/circumstances according to the three areas noted above (Financial Circumstances / Personal Circumstances / Financial Literacy);
- 2) Document – options under consideration and steps taken in short-listing suitable products; 3) Document – reasoning behind how the chosen product was identified and others eliminated; 4) Document – steps taken/information provided to educate clients/assist in choosing a solution.

4.6 Suitability - Disclosing Material Risks

All material risks inherent in the transaction must be disclosed, including any potential conflicts of interest in recommending a specific product, and anything else that may be material to the client's decision to proceed with the mortgage transaction.

The disclosure of material risk will be done via the Material Risk Disclosure Form (refer to Policy and Procedures Manual Supplemental 1 document) which is to be presented with the Disclosure to Borrower form.

Disclosure must include whether you are representing,

- 1) the Borrower(s);
- 2) the Lender(s);
- 3) both the borrower(s) and lender(s);




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

so they are aware of whose interest you are representing and be able to make a qualified decision as to whether to enlist your services or not. The Broker/Agent should recognize that this statement will implement his/her responsibilities regarding fiduciary duties. The disclosure of this will be done on the Disclosure to Borrower form.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

4.7 Know your Client – Suitability Profile Form

FSRA has made it clear that, even though your Client may qualify for a mortgage, and even though you may have a Lender willing to issue a commitment, you must determine if a reasonable person would find the mortgage affordable under the Client’s financial circumstances.

In order to offer a suitable mortgage for your client, you need to understand their needs, preferences and goals. **You must document your efforts to do so as part of a complete mortgage file. An application alone is not sufficient documentation to evidence a suitability assessment was undertaken.**

Because many clients have incomplete or limited knowledge of the options and variables that come with mortgage products today, they may not have considered how a mortgage might restrict their future plans at the time of the application. For this reason, it is a requirement that a **‘Know Your Client - Suitability Profile Form’ be filled out for each and every Borrower in addition to a complete mortgage application.**

After taking an initial mortgage application to get the client’s basic information, the next step in your initial assessment of mortgage options for a client will be to provide your client with a **‘Know Your Client - Suitability Profile Form’** along with a **‘Consent Form’** to obtain written permission for a credit bureau check. These two documents will allow you to do a more in- depth suitability assessment by providing you with the details you need to understand what mortgage options might be best suited and available to this client. Don’t make the mistake of thinking out loud or discussing specific mortgage options with a client prior to understanding completely all details of a client’s circumstances. This leads to an ‘over-promise, under-deliver’ scenario whereby some attractive options may not be suitable (or available) to this particular client. Be sure of details before you present your ideas.

Ensure that each and every question included in the Know Your Client - Suitability Profile Form is answered. It may be easier for each borrower in the case of a joint application to complete their own form. If you are dealing with clients over the phone, you must review the questions on the form and have the client sign and return to you, or include as part of the mortgage paperwork/required signing package when you meet with them to present the mortgage commitment.

This form can be completed in conjunction with a Consent form in order to obtain written client consent for a credit bureau check and to advise of your firm’s privacy policies. If an application is being taken over the phone, make it clear that a credit check will be required prior to submitting a mortgage application and that written permission is required PRIOR to obtaining the credit report. Credit Reporting Agency policy requires written consent be obtained prior to obtaining a credit report on a mortgage applicant. Not obtaining prior written approval to run a credit check is a **serious breach** of Brokerage and Credit Reporting Agency policy. If it is determined that credit bureau reports are being pulled without obtaining prior written consent, **access to the credit bureau system will be immediately withdrawn** effectively



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

limiting your ability to underwrite and complete applications. Ongoing incidents of non-compliance will result in **termination** from this brokerage.

If, after reviewing the Know Your Client - Suitability Profile Form you determine that there are additional circumstances that make a particular mortgage suitable/unsuitable or affordable/unaffordable to the



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

Client, your observations should be documented and included as part of the Know Your Client - Suitability Profile Form.

4.8 Suitability – Possible Mortgage Options

It is important to note that the ultimate decision on whether to proceed with any particular mortgage always rests with the client. Your obligation is to determine the suitability and affordability of the mortgage, and document and disclose this information to the client.

If it is your professional opinion that the mortgage chosen by the client is not affordable or contains excessive risk under the client's current circumstances, yet they wish to proceed regardless, **include a note on your Know Your Client - Suitability Profile Form or on an additional page**, that they will need to make adjustments to their budget and/or lifestyle in order to afford the mortgage comfortably, and that they understand the affordability risks associated with taking the mortgage given the information they have disclosed.

All viable mortgage options should be presented to the client and documented in the mortgage file regardless if the option was chosen or not.

4.9 Client Right to Waive Suitability Assessment

In all circumstances, once you have determined the Client's needs and risk tolerance, they still have the right to take a different mortgage product than the one you recommend. In these cases, it is mandatory that you have the Client indicate they have been informed of their risk tolerance and overall needs, that the mortgage product they are selecting does not meet the risk tolerance or client need guidelines indicated on the form, and that they are accepting full responsibility for the transaction and place the form in the file.

4.10 The Client Agreement Form

It is the policy of XLG MORTGAGE GROUP that the Client Agreement Form (refer to Policy and Procedures Manual Supplemental 1 document) is filled out by every client who applies for a mortgage with our firm, and that this document must be kept on file at XLG MORTGAGE GROUP' head office.

The Client Agreement set out the obligations that the Client has to provide us with complete and accurate information and that we will use their information for the purposes of advising them on the mortgage transaction. It also provides some indemnification for you and the Brokerage from any third party, and obligates the Client to pay for any costs associated with the transaction that are disclosed to them and




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

agreed to by them, in advance.

It also has provision for the Client's declaration of previously engaged applications and requires the Client to attest that they proceed with any application after completing the one with you.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

It is the policy of XLG MORTGAGE GROUP that the Client Agreement Form is filled out by every client who our brokerage arranges a mortgage for, and that this document must be included in every completed file.

4.11 Compensation

This section outlines the various methods by which Mortgage Brokers/Agents receive compensation from Lenders, and is self-explanatory; however, we draw your attention to the following statement at the end of the section:

If there are specific compensation benefits for you to offer me a mortgage from one company over another, you will fully disclose this information to me as part of the mortgage application process so that I may make a fully informed decision regarding the placement of my mortgage with specific lenders.

One of the major changes included in the MBLAA, 2006 is the need for disclosure of compensation types (not amounts) (O. Reg. 188/08 s.21), and also the need to disclose differences in compensation received for different types of mortgages recommended. This means that if there are two mortgages that are suitable to the Client, and they have identical interest rates, terms, and conditions, you are still **obligated by the Act** to disclose that the mortgage product you are recommending pays you a higher commission, volume bonus, reward points, etc. than the other.

However, these new disclosure requirements remain true especially when the terms of the two mortgage products differ. For example, if a client would qualify for a 5-year mortgage from Lender A at 4.5% that pays 90bps FF and 20bps VB, and would also qualify for a 5-year mortgage from Lender B at 4.15% that pays 80bps FF and no VB, you are **obligated under the Act** to present both mortgage options to the Client, and disclose to the Client that you will receive a higher commission for the higher-rate mortgage (or a lower commission for the lower-rate mortgage).

The same applies if the Borrower is looking for the “best rate” and is not concerned about term – if comparing a three-year mortgage to a five-year mortgage, you must disclose to the Client which mortgage you will receive a greater commission from.

This does not necessarily mean that you must settle for lower pay for the work that you do. This is the key element of probably the largest change taking place in our industry, as we move away from being strictly salespeople and into the realm of Professional Advisors. There is nothing wrong with presenting both options, but charging a broker fee for the lower rates you offer your clients in lieu of the commissions you would have received. **The key is disclosure.**

Therefore, there is nothing wrong, under our first example above, in turning to the Borrower and stating



XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

to them: "I have two options for you – one is at a rate of 4.5%. However, I have been able to locate, through my efforts, a much lower rate of 4.15%, which I am prepared to offer you with a broker fee of \$450, because it pays me less in commissions than the mortgage at 4.5%. Taking the mortgage at 4.15% will result in an interest savings to you of \$X over the term of the mortgage, so I feel the broker fee of \$450 is reasonable given the amount of money I can save you. Which mortgage would you like to go



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

with?” Doing so meets all of the requirements of the MBLAA, 2006 and its Regulations, and ensures you are providing the Client with the best mortgage for their needs.

4.11.1 Referral Fees and Compensation Received

All compensation and/or referral fees related directly or indirectly to a mortgage or real estate secured product, insurance or auxiliary product shall be paid to the Brokerage. Agent/ Brokers are not permitted to receive any financial compensation directly. This policy shall also govern co-brokering of files, referral to third parties, and selling leads. Any Agent/Broker found in violation of this will be immediately terminated and reported to FSRA as being not suitable to be licensed.

The Brokerage shall remit payment on files provided that it has been received from the lender/ referral source and that the Brokerage is in receipt of a fully compliant file. If the file is not compliant within 30 days of the closing/ funding date of the transaction, a \$100 per day (after splits) will be deducted until a compliant file is provided.

4.11.2 Referral Fees Paid

In the event that an Agent/ Broker is providing a referral fee, it must be disclosure to the borrower(s) in the Disclosure to Borrower form and to the Brokerage on the Deal Attestation form and Deal Checklist (refer to Policy and Procedures Manual Supplemental 1 document). Failure to disclose that a referral fee is being paid shall result in the Agent/Broker being immediately terminated and reported to FSRA as being not suitable to be licensed. The Agent/ Broker shall pay any referral from their net compensation with our adjustment or abatement from the Brokerage.

4.11.3 Incentives Other Than Money Received

Agents/ Brokers must notify the Principal Broker of any non-monetary incentives that they have received. It is the policy of the Brokerage to review the incentive to ensure there is no conflict of interest or any other factors that can negatively impact the Agent/ Broker or the Brokerage. This includes offer from clients, lenders, referral sources, affiliates or anyone that is connect to the mortgage brokering activity.

4.11.4 Incentives Other Than Money Paid

Agents/ Brokers must discuss with the Principal Broker any incentives they wish to offer and gain approval prior to making the offer. Any offers make will clearly indicate that it is by the Agent/Broker and only the person making the offer will be held responsible for the offer. The Agent/Broker shall save the Brokerage




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

harmless of any claims, losses, damages or suits arising from the offer. If an issue were to arise, the Brokerage can require the Agent/Broker to terminate the offer immediately regardless of any prior approval granted, to which the Agent/Broker must comply. Any promotion of incentives must conform to the advertising and promotion requirements set forth in Section 3.0 Advertising Policy



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

4.12 Collection of Identification

In cooperation with the Anti-Money Laundering laws, we have a duty to verify the identity of the clients we meet with. To this end, it is XLG MORTGAGE GROUP' policy to collect two pieces of acceptable identification from each client, record the number of the identification, photocopy it if possible or reasonable under the circumstances, and keep this information in the file.

In general, lenders require two pieces of identification. The first piece must be issued by a federal or provincial government agency and must contain a photograph. Examples may include: Passports, Drivers' Licenses, Nexus Cards, Canadian Forces Service Cards, Certificate of Indian Status, etc. The second piece of identification may also be issued by a federal or provincial government agency or a Federally Regulated Financial Institution (FRFI) and is not required to contain a photograph. Examples may include credit cards, debit cards, employee identity cards, etc.

Take the time to compare the name and address on the identification with the name and address on the application/Credit Bureau Report. Ensure the identification has not expired, the photo is a reasonable facsimile of the individual and the signatures on the identification approximately match the signatures on the documents on file.

Be aware of the security features on most forms of identification and assure yourself that the document has not been altered, counterfeited or tampered with.

The following documents were not originally intended to be used as personal identification and as such, contain few or no security features: Canadian Citizenship Cards or Certificates, Social Insurance Cards, Old Age Security Cards or Birth Certificates. You may accept any of the above if they are on the lender's list of acceptable I.D., however attempt to obtain more secure pieces of identification if available.

Provincial legislation specifies that Health Cards from Ontario, Manitoba, PEI or Quebec (unless offered) are not acceptable as personal identification.

If suspicious or if the applicant does not have sufficient identification, request secondary documentation such as utility bills containing the Borrower's name and address or copies of negotiated, personalized cheques indicating an established banking relationship, etc. Advise the lender that the borrower does not have the required identification documents and obtain prior agreement for the use of alternative forms of I.D.

Powers of Attorney - Always advise the lender in writing where there is a Power of Attorney (POA). Make a reasonable attempt to validate POAs. Obtain the address, contact information and reason for the POA. Keep a record of the validation steps performed. Include the validation information in the borrower's application and the Lender/Investor Disclosure Statement for Brokered Transactions.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

Addition/Deletion of Borrowers - If borrowers are being added or deleted from a mortgage at refinance, ensure the entire mortgage is re-qualified.

Ensure it is disclosed to the lender or investor in writing or on the appropriate Investor/Lender Disclosure Statement for Brokered Transactions, where the borrower could not be adequately identified. In these instances, the lender may add additional conditions to the Commitment.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

4.13 Original Documentation/Verification of Documentation for Fraud Prevention

This section obligates the borrower to provide original documentation where available, which assists in the prevention of fraud. It is understood that this will not always be possible, given the nature of faxing and email relations with borrowers today. However, we are still obligated to verify the documentation provided to us. Therefore, it is the policy of XLG MORTGAGE GROUP that every Mortgage Broker/Agent will exercise proper due diligence in the efforts of fraud prevention by verifying the authenticity of any documentation provided by a borrower. If potentially fraudulent documentation is discovered, report it immediately to the Principal Broker to be addressed.

Under the MBLAA, 2006 and its Regulations (O. Reg. 188/08 s.17), upon request in writing by the CEO of FSRA, the owner or the owner's agent, will return to their owner promptly, without charge, any and all documents, deed(s) instruments and/or other applicable documents without any unreasonable hold.

4.14 Verify Borrower Application

Brokers are required to take reasonable steps to validate the authenticity of application information and supporting documents provided by the borrower(s). The following represent guidelines and examples of verification techniques. It is up to the individual Broker/Agent to use sound judgment in determining which verification practices are warranted in each case. If you have questions, refer to your Principal Broker.

The borrower(s) must sign a copy of the application. In doing so, the borrower is attesting that the information contained therein is accurate and complete. Retain a copy of the application and signed documentation in the file. *Advise the borrower that submitting falsified information on a mortgage application is a fraud and can result in serious consequences.*

4.14.1 Review Credit Report

Scan the Credit Report for irregularities or characteristics that are not consistent with the application such as:

- Date Credit Bureau record opened (Since Date);
- Current address or address history;
- Employer name, nature of employment or employment history;
- Number of open trades, credit utilization and size of credit limits vs. general expectations for current employment, tenure and income;
- Evidence of unreported loans or mortgages not reflected in debt servicing ratios; or DOB mismatch, possible True Name Fraud or other alerts.




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

The presence of inconsistencies on the Credit Report does not necessarily indicate fraud, however it is a best practice to attempt to obtain a reasonable explanation for all irregularities as the lender may also have the same concerns.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

4.14.2 Verify Employment and Income

Take reasonable steps to validate employment, income and tenure. Visually scan all documentation for consistency and accuracy. For example, perform Internet checks such as locating the employer website, Google searches, viewing the physical address using a “Street View” utility, 411.ca searches, Social Media (ie. LinkedIn) searches. Print outs of these searches must be included in the file and documented on the Deal Attestation Form (refer to Policy and Procedures Manual Supplemental 1 document). In addition, Agents/ Brokers must compare employment and job position to the credit bureau and address any discrepancies and include this in the mortgage file. If in doubt, request additional documentation and/ or perform a telephone interview with the employer. Document all steps taken to validate the employment and income prior to submitting the file to the lender. In the event that there is doubt as to the authenticity of the employment information, the Agent/ Broker must immediately stop all activity with the application and review the file with the Principal Broker. If after review with the Principal Broker, it is deemed that there are irreconcilable issues with the employment information, the file must be cancelled and the Lender be notified (if the deal has been submitted) and all potential lenders and/ or insurers.

For self-employed or low-doc loans, use the Internet to locate employer/business websites and physical premises. Undertake a critical review of the documents provided for reasonableness. If in doubt, request additional documentation such as tax records or audited financial statements. Maintain a record of all steps taken to validate the employment and income prior to submitting the file to the lender.

4.14.3 Verification of Down Payment

The source of funds being used for down payment and/or closing costs must be verified in accordance with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and associated regulations. This is often referred to as the Anti Money Laundering Law or AML Law. Regardless of the type of financing being arranged (i.e. Private mortgage), Agents/ Brokers have a duty to verify the source of down payment with a minimum of 90 days history or as requested by the lender. Bank account or Investment/ RSP statements are typically required to confirm source of funds with the 90 days history. In the event that deposits are made into the account under review that are not typical deposits of whose source is not evident on the statement, the source of those funds may be required. Agents/ Brokers will take every step necessary to verify and document the source(s) of funds and disclose this information to the lender(s). If the source of funds cannot be verified or there is doubt as to the validity of the source of the funds and/or the documentation to confirm the source of funds, you are required to bring this to the attention of the Principal Broker immediately.

Attempt to validate the down payment and/or the gift letter if the down payment is a gift. Visually scan all supporting documentation such as account or investment statements for reasonableness and consistency. Account for all regular deposits and/or withdrawals that are not clearly itemized on the statement. Scan



XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

for layout, typographical, acronym and addition errors. If in doubt, request additional documentation, or conduct a borrower interview clarifying the source of the down payment.

For gift letters, ensure the source of funds is well documented in the file through account statements or cancelled cheques provided by the giftor. As down payments in general and gift letters in particular have been used as methods to launder money, lenders require a high level of due diligence.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

Where the down payment is coming from the sale of another property:

- If the property has not been sold or the sale has not been completed, obtain a copy of the online MLS listing (if still available) and/or the completed Agreement for Purchase & Sale. The lender may require that a firm sale date be established or approval for bridge financing be obtained prior to providing the Commitment. The lender may make direct arrangements with the solicitor if the same solicitor is acting for the purchase of the new residence, or may require additional Commitment conditions;
- If the sale has been completed, obtain a copy of the MLS listing (if available), the completed Agreement for Purchase & Sale, a copy of the lawyer's Receipts & Disbursements document with proof that the proceeds of the sale have been deposited into the client's bank account; or
- Depending on the timing of the sale and whether the same lawyer is handling the new purchase, the lender may validate the sale proceeds directly with the lawyer.

Ensure each borrower responsible for paying the down payment signs or initials each page of the documentation provided in support of equity.

4.14.4 Verify Property

For purchase transactions, ensure a completed Agreement for Purchase and Sale is on file along with all Schedules, Amendments and waiver plus a copy of the MLS listing. If the sale is a private sale, be guided by the practices of the individual lender.

For purchase plus improvement loans, ensure sufficient documentary evidence is on file to support the proposed construction such as builder's plans, materials estimates, architect's drawings, etc. If possible, perform due diligence on the contractor and other professionals.

For the purchase of condominiums, be guided by the individual lender's requirements for required documents. At a minimum, ensure the borrower provides a copy of the Status Certificate, copies of the last Condo Corporation Meeting Minutes, a copy of the most recent Audited Financial Statements and current Reserve Fund Statements.

For Refinance transaction a Purview report is required to confirm the ownership of the property matches with the applicants as well as to verify any mortgages registered on title.

4.14.5 Verify Intent to Reside

Ascertain whether the property will be owner-occupied or used as an investment. Review the credit report for evidence of other mortgage loans not included in the debt servicing ratios.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

Attempt to verify Rental Agreements and rental income. For example, ensure rental deposits are accurately reflected in the deposit account statements or attempt to locate existing renters in 411.ca listings.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

4.14.6 Verify Appraisals

Review appraisals for irregularities such as:

- Inconsistencies in property and neighbourhood information in relation to the MLS listing;
- Comparable properties with large adjustments, “stale-dated” or geographically incompatible comparables;
- Unusual historic transactions; or
- Any notes indicative of irregularities in the property, usage, improvements, history or transactions, etc.

4.15 Disclosure

When submitting applications to lenders or investors, disclose all material risks as well as measures taken to detect and mitigate mortgage fraud. Retain detailed notes and copies of materials on file to demonstrate fraud mitigation actions.

With respect to investors, ensure all appropriate Investor/Lender Disclosure Statement(s) for Brokered Transactions are completed. (O. Reg. 188/08 s.31)

4.16 Review the application with the borrower

As proof that the borrower provided the supporting documentation and is aware of the entire contents of the application, have each borrower sign the application form as an attestation that the information contained therein is accurate and complete.

As a best practice, advise the borrower that the lender may contact third parties in order to validate the information in the mortgage application and supporting documents. Also advise the borrower that misrepresenting personal or financial information on a mortgage application and/or providing false or altered supporting documents constitutes fraud and may result in serious consequences.

4.17 Conflicts of Interest

Conflicts of Interest, or the perception of Conflicts of Interest, are another key area of disclosure to Clients, ensuring they are always aware of where there may be a potential motivation to not act in their best interests. One of these Conflicts of Interest was reviewed above: Presenting a Client with one mortgage over another because you are going to receive a higher commission, for example, is a Conflict of Interest if the rate to the Client is lower for a lower-paying mortgage product.




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

Other examples:

- The Mortgage Broker/Agent is related to the Appraiser;
- The Lender is related to the Mortgage Broker/Agent;



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

- The Lender is a family member of the Borrower;
- When the Mortgage Brokerage/Broker/Agent is also the Lender;
- If the Mortgage Broker/Agent or his/her spouse uses a self-directed RRSP to fund the mortgage for the Borrower;
- Favouring a Lender for monetary reasons;
- Receiving travel points, free holidays, or other incentives that are normally not available;
- When a Mortgage Broker/Agent acts for both the Borrower and Lender;
- If the Mortgage Broker/Agent receives higher “bonus” commissions for working with a specific Lender during a specific timeframe;
- If the Principal Broker is also a Real Estate Broker who is involved with listing and/or selling a property;
- Or any other perceived Conflicts of Interest.

It is the policy of XLG MORTGAGE GROUP that any and all perceived Conflicts of Interest be disclosed to the Client and recorded on the Borrower’s Disclosure Form so that these disclosures will form part of the file (O. Reg. 188/08 s.27). When describing and recording notes regarding potential or perceived Conflicts of Interest, also describe measures taken to reduce the risk of fraud arising from the conflict or potential conflict on the applicable Investor/Lender Disclosure Statement(s) for Brokered Transactions.

4.18 Indemnification of Brokerage

This is a key disclosure section to the Client, in that they are acknowledging that, as the Mortgage Brokerage or Mortgage Broker/Agent, we are at the mercy of the Lenders and Insurers regarding conditions that must be fulfilled in order for a mortgage to fund. This section indemnifies us and holds us free from harm should we perform our duties properly, yet the mortgage does not fund as a result of the Lender or Insurer conditions not being fulfilled for any reason other than our negligence as the Mortgage Brokerage or Mortgage Broker/Agent for the transaction.

4.19 Lender Disclosures

While some of this information is contained within the Disclosure to Borrower, you are required by the MBLAA, 2006 and its Regulations (O. Reg. 188/08 s.18 & 19) to provide to a Client the following information on request:

- The number of lenders on whose behalf the Mortgage Brokerage acted during the previous fiscal year;
- Whether the Brokerage itself was a lender in the previous year;
- The name of the Lender, if any, with whom the Brokerage arranged more than 50 per cent of the total number of mortgages and mortgage renewals during the previous fiscal year.




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

5.0 Applications

5.1 Meeting with Clients



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

It is highly recommended that Agents/Brokers meet with every client when taking the applications, however it is sometimes difficult do this. Agents/ Brokers should make all reasonable efforts to meet with clients to take their application. In the event that this cannot be facilitated, the application package a link for an online web application can be send via email to the clients or. In such cases, the Agent/ Broker must obtain two (2) pieces of identification (refer to Section 4.12 Collection of Identification and Section, Section 4.13 Original Document/ Verification of Documentation for Fraud Prevention and Section 4.14 Verify Borrower Application) to support and authenticate the application. If documents are being signed with digital signatures, then the process as outlined in section 5.9 Use of Electronic Signatures must be followed.

5.2 Documents Required For Application

The following documents must be completed and signed before the application can be entered on the system, the credit bureau obtained and/or the file submitted to a lender:

- 1) Brokerage consent form and/or Filogix Expert consent form
- 2) Brokerage application (if information is not being entered directly to Filogix Expert)
- 3) Client Agreement form
- 4) Know Your Client - Suitability Profile (can be completed over the phone, provided that the client signs prior to closing)

Additionally, income confirmation that will be acceptable to the lender must be provided for all borrowers prior to the application being submitted.

5.3 Credit Bureaus

The policy of the Brokerage requires you have signed consent as proof that the Client has authorized you to pull a credit report. Agents/ Brokers shall obtain signed consent on the Brokerage provided Consent Form and/or the Filogix Expert Consent form prior to requesting a credit report. It is the policy of XLG MORTGAGE GROUP that no credit bureaus shall be pulled without at least one of the aforementioned signed consent forms. Agents/Brokers shall review both consent forms so that they are aware of the content and the authorization it grants. The signed consent form must be submitted to the brokerage or uploaded to the brokerages storage prior to the credit bureau being requested.

Equifax has provided access to their credit reports for the sole purpose of mortgage applications. As such, no credit bureaus are permitted to be pulled for any other purposes including, but not limited to, rental applications, credit counseling, credit management, debt settlement (other than mortgage refinancing).

The credit report is the property of the credit reporting agency, as such Agents/ Brokers are not permitted



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

to provide copies of the credit bureau to the client. If a client would like to review their credit bureau they can contact the credit reporting agency direct and request a copy from their respective website:

Equifax - www.consumer.equifax.ca

TransUnion - <https://www.transunion.ca>



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

5.4 Approvals & Borrower's Disclosure

Once an approval is granted, the Agent/ Broker will provide the client with the approval (also known as a commitment) from the lender along with a Conditions Checklist, listing the conditions from the commitment, and a completed Disclosure to Borrower form, Amortization Summary & Material Risk Disclosure form.

The Agent/ Broker will give the client the opportunity to review the documentation and ask any questions. Once the client is satisfied with the approval, the Agent/ Broker shall obtain the aforementioned documents signed and initialed by the client and process as necessary to move the deal forward.

The Disclosure to Borrower must be signed two (2) business days prior to the earliest of the following dates:

- 1) The day on which the borrower makes any payment, other than a disbursement charge in, relation to the mortgage;
- 2) The day on which the borrower enters into the mortgage agreement;
- 3) The day one which the borrower incurs any obligation in relation to the mortgage.

The Borrower has the option to waive the two (2) business day waiting period by signing the waiver section of the Disclosure to Borrower form.

Unless the Borrower signed the waiver section, the commitment cannot be signed until the two (2) business days have passed from the date of signing the Disclosure to Borrower form.

It is the accepted practice of the Brokerage that all documents presented to the Borrower requires an initial on the bottom of the pages unless a signature is required.

5.5 Declined Deals

Should an application be declined, the Agent/ Broker can submit to another lender for approval. In the event that an approval cannot be obtained after exhausting all applicable lenders, the declined file must be retained as per the policy explained in Section 8.4 Files for Non-Completed Mortgaged.

5.6 Appraisals

If an appraisal is required, the Agent/Broker will discuss with the Principal Broker or designate to ensure



XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

that an appraisal is order from an appraisal company on the lender’s approved appraiser list. Experienced agents or brokers can order appraisals without the aforementioned consultation.

The Agent/Broker will request a “Broker Copy” of the appraisal (if possible) and review the appraisal for inconsistencies to prevent fraud. Once it has been deemed that the appraisal is satisfactory, the appraisal



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

company shall be requested to provide a “Lender Copy” to the lender for review. This process will be followed unless the in conflict with the lender’s policy or process, in which case the lender’s process will be followed.

5.7 Outstanding Conditions

The Agent/Broker is responsible for obtaining any required documents and requirements set forth by the lender in order to have a complete file. As documents are received, the Agent/Broker must review them to ensure that meet the requirements of the lender and that there are no anomalies or reason for concern with the documents. If any should exist, the Agent/Broker must address it with the client and request additional supporting documents.

5.8 Completed Files

Once the application is “Broker Complete” or “Ready to Fund” the Agent/ Broker must ensure that all the required documents are completed, initialed and/or signed as per the Brokerage’s Deal Checklist and delivered to the Brokerage for compliance review. If any document is not in the file that would otherwise reasonably have been based on the type of deal, the file will be considered non-compliant. Refer to Section 8.0 Mortgage File Documentation Requirements

5.9 Use of Electronic Signatures

The use of electronic signatures (also known as digital signatures or e-signatures) will be permitted, however the preferred method of signing will remain original signatures (known as wet signatures).

Not all lenders will accept electronic signatures on documents. It is important that you ensure that the lender will accept documents that are signed digitally before proceeding.

Digital signatures will only be accepted via known and reputable third party providers such as DocuSign, Authentisign or Adobe Sign. The use of photos of signatures embedded in the document(s) or photo editing software to create a signature on the document(s) will not be accepted.

Prior to accepting any digital signatures you **must** obtain the following:

- A. One (1) piece of photo identification (excluding health cards) that contains the name and address of the potential client(s);
- B. One (1) additional piece of identification from the government or a major financial institution;



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

For each document that is digitally signed documents the audit report must be provided with the document.

5.10 Brokerage Compliance Forms



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

The Brokerage has specific additional documents that are required to be included funded mortgage files, some of which may depend on the type of mortgage transaction. These documents are not optional if applicable to the transaction, as such omission of any of these documents will constitute a non-compliant file. Samples of these documents can be found in the Policy and Procedures Manual Supplemental 1 document.

5.10.1 Material Risk Disclosure

This document is required as an additional form to the Disclosure to Borrower and must be included in every file. All Material Risks not elsewhere disclosed must be indicated on this form and presented to the Client(s) for signing. This document must be initialed and signed by the Client(s) in order to proceed with the transaction.

5.10.2 Deal Attestation Form

This document is not a Client facing document, rather it is the Agent/Broker's confirmation as to the source of the business, the verification of identification, the verification of documentation, and the declaration of the property time. All this information play a role in identifying and prevent mortgage fraud.

5.10.3 Funds Disbursement Worksheet

This document serves as a tool to provide an estimate to clients during a refinance situation and also provides an opportunity to determine if any shortfall could exist. All refinance our equity takeout file must have this form completed and in the file.

5.10.4 Reasoning Letter

A Reasoning Letter is required to be completed for all mortgages where the lender is considered an Alternative lender or for all private mortgages including those advanced through a Mortgage Investment Corporation. This document serves to inform and educate clients as to the reason why their financing needs to be arranged through an Alternative Lender or a Private Lender/ Mortgage Investment Corporation, and also the exit strategy for the client to be able to move their mortgage to more favourable mortgage options in the future.

5.11 Underwriting Hub



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

Agents/ Brokers have the option with most lenders to submit their application via the Brokerage's Underwriting Hub (Hub). The Hub operates on a fee based with options that are either a flat fee or a commission split depending on the type of service the Hub is providing. All fees and splits are calculated after the split with the Brokerage has been deducted. Split with the brokerage is based on the commission split agreement that the Brokerage has with the Agent/Broker submitting the deal to the Hub. Refer to



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

the Hub Guidelines and Procedures documents for full details.

5.12 Agent/ Broker Own Deals and Arms-Length Transactions

Agents / Brokers that require a mortgage for themselves, their spouse or a family member (i.e. Parent, child, grandparent, sibling etc.) will have to place the deal through the Brokerage's Underwriting Hub under the Full Service Option. This is required to ensure no conflicts of interest occurs and due diligence is maintained with applications sent to lenders.

The agent/broker can buy down their rate to a maximum of their portion of the commission split. Any portion of the split that is not used for a buy down will be paid to agent/ broker less any fees applicable.

If an agent/ broker buy downs the rate greater their split percentage then they will be charged the difference that the brokerage would have received.

For agents that are in a training period, these deals do not count as training deals as the aspect of the client interview is different or not present. These deals also do not count towards Agents/ Brokers volume as the deals are process by the assigned Hub underwriter assigned by the Brokerage.

In cases where a deal is being done through a private lender or a lender where there is no finder's fee or compensation being paid to the brokerage, the agent broker will remit to the brokerage upon closing a fee of calculated as 50 basis points (0.50%) of the mortgage amount. This is in addition to any deals related fees (i.e. credit bureau costs, purview, private deal fee, deal compliance fee, printing etc.)

5.13 Lenders

Applications can only be submitted to lenders that are authorized by the brokerage with whom the brokerage has a brokering agreement in place. Applications cannot be taken or out sourced to lenders outside of the broker channel and/or not authorized by the brokerage. Additional, applicants cannot be processed through a lender's branch or mortgage specialist/ advisor channels even if the lender operates in the broker channel. Any exceptions to this must be approved by the Principal Broker on a case by case basis.

5.14 Access Desk/ Deal Desk

The Brokerage through our network affiliation has access to a central deal processing desk or Access Desk. This purpose of this Access Desk is to facilitate deals in other Provinces.



XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

Agent/ Brokers must get authorization from the Principal Broker in order to submit a deal through the Access Desk. Even though the Access Desk provides access with lenders that the Brokerage does not have a brokering agreement in place first preference of deals should always be given to lenders that the brokerage deals with directly.

Using the Access Desk to circumvent the authorized lenders will result in all commission being forfeited.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

6.0 Mortgage Underwriting

6.1 Introduction

Mortgage Underwriting is a very ambiguous field. The Rules and Lending criteria differ from one lender to another. Although there are specific guidelines as set forth by the Canada Mortgage and Housing Corporation (CMHC) and the Office of the Superintendent of Financial Institutions (OSFI), their application and implementation is at the discretion of the respective lender. Guidelines also differ whether the loan request is for a conventional or high-ratio insured mortgage.

In this section we are not trying to deliver to you, the reader, a complete and comprehensive set of Underwriting Guidelines, but merely an overview of protocols for you to apply in your daily mortgage brokering activities. Therefore it is up to you, the mortgage broker/agent, to learn the various lender nuances and expand on these underwriting notes in accordance with the lenders you deal with.

We are focusing on three areas, Income Verification, Down Payment Verification and Employment Verification. The documentation required in these areas is paramount and should be addressed in all sincerity.

Familiarize yourself with the following and speak to your lenders.

6.2 Fraud Prevention

When addressing a client's application, the broker/agent must always be conscious of potential fraud. The lender relies on the broker/agent to be the eyes and ears for each transaction whether institutional or private. Therefore, asking the right questions and collecting the applicable and current documentation is critical to the deal process. The broker/agent should examine the documents thoroughly for authenticity. Are the documents originals or photocopies? Do they look fresh or newly produced? Are these signatures real? Even after the transaction has closed, the broker/agent still bears the responsibility of having to be aware of any fraud, and if detected, it must be reported.

Although fraud techniques are becoming quite sophisticated, brokers/agents are required to perform their due diligence on every file. Prior to the submission of documents, the broker must verify and validate that the client documents are authentic. Most importantly, regulated lenders may have a NO tolerance policy on fraudulent documentation. At stake is the potential damage to the relationship with the lender and a reputational risk in the mortgage community.

Key questions to ask for fraud prevention

- 1. Is the client providing you with straight answers to your questions or are they being evasive?**




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

2. Is the income reasonable with what a person in that capacity does or should earn?
3. Do these documents look real, do the signatures match, do the photos match, and do the addresses match?



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

4. **If this is a “last minute rush deal”, ask why? Has this been shopped elsewhere and why was it turned down?**
5. **If the applicant does show up with a complete package of documents, this should trigger suspicion.**

These are not all the key points of potential fraud, so therefore always be on the look-out and be cautious.

6.3 Down Payment

- 1) **Savings** - Obtain three months (or more) Bank Statements showing an accumulation of deposits and savings. If there are any bulk deposits, then verify the source and the reason (ie: bonus, sale of securities, sale of auto, loan re-pay etc.).
- 2) **Gift letters** - Provide a Gift Letter from an immediate family member specifying the funds as a nonrepayable gift. The letter must outline the name of the donor(s), the amount, date and relationship of the donor. It is also necessary to see the funds deposited into the borrower’s account.
- 3) **Sale of an asset** - Get a sale confirmation that an asset has been sold. For example, a Bill of Sale for a vehicle, confirmation from Securities Company of sale transaction or a security and for Real Estate, previous MLS Listing, accepted Offer of Purchase and Sale, as well as the lawyer’s disbursement letter.
- 4) **Inheritance** - Obtain a copy of the will and funds distribution from the lawyer handling the estate.
- 5) **Separation or Divorce** - Copy of Separation Agreement and lawyer’s distribution letter.
- 6) **Funds from privately-owned Company** - Documentation that shows the company has the funds and that the bank documentation shows the transfer of the funds from the company into the applicant’s personal bank account. It is important to obtain documentation to verify the borrower is sole owner of the company.

There may be variations of the above; therefore the broker/agent is wise to check with the intended mortgage lending company for accurate confirmation verifications. In addition, confirm with the lender the required length of time the funds must be held in the client’s account to be considered applicable.

If the applicant is borrowing funds to purchase a second property or recreational home, then offer proof that the applicant can carry the future debt load.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

6.4 Income

- 1) **Salaried Employee** - Provision of a Notice of Assessment (NOA), pay stubs, or bank pay confirmations. An employment letter, on letterhead, showing: tenure, pay rate weekly, monthly or yearly, position and possibly a positive comment indicating that the client is a “good and valued



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

employee". In addition, obtain a contact person to reach for telephone confirmation. Bonuses and overtime are not considered wages unless a two year pattern can be proven. Some lenders will only use 50% of this as income and others may use as much as 100%, check your lender's policy.

- 2) **Separation Agreement** - If support income is being used, then two month's bank statements would be required to support the income (this will vary from lender to lender).
- 3) **Business For Self** - Provide a minimum two years NOA's possibly, three years (take an average of same). Send copies of any major Contracts and proof that they have been in business for at least two years by: business records, letters of Incorporation, Business Registrations, business cards, websites, Bank Accounts showing deposits and sources of deposits. Full T1 Generals, including Statement of Business Activities may be required (especially for borrowers who may own rentals).
- 4) **Sub-Contractors** - Are considered the same as BFS, therefore the above applies particularly, including copies of any contracts.
- 5) **Commission Sales Agents** - Are not generally considered BFS. Therefore, provable two or three years NOA's are required. And generally averaged.
- 6) **Stated Income** - This program is suited for borrowers who are self-employed (business owners) who are unable to confirm income through traditional sources such as NOAs. This product is for borrowers with established credit and solid repayment history. The program is not available to any form of commission sales.
- 7) **Retired** - Show Bank Statements (60-90 days) showing deposits, copies of any documentation of any private retirement Insurance payments. If a RIF, copies of the RIF showing monthly or yearly withdrawals. In addition, provide supporting documents such as T4a's, pension statements from CRA, and T1 generals supported by NOA's.

Borrowers must have owned the business for a minimum of two years. This would be confirmed by a Master Business License, GST/HST Returns, T1 Generals, 3rd party prepared supported by NOAs, or Audited Financial statements prepared by a CA for the last two years, and Articles of Incorporation.

The lender will want to see the borrower's Line 150 from his/her most recent NOA, and also what the business generates in gross annual business revenue. Keep in mind the stated income being used should be reasonable relative to the gross business earnings and the nature of the business, size of the business, and length of time the business has been running, etc.

A usual beacon score requirement for conventional stated income mortgaging is 650, but again from




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

lender to lender each may have a different requirement. Generally:

- no reported mortgage defaults in the last 7 years, no bankruptcies, and no installment or revolving credit issues for the last 12 months;
- GDS/TDS 35 / 42;
- Max 65% LTV;



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

- 5% must be from own resources, the remainder can be gifted. Borrowed funds are not usually acceptable; and
- some lenders will allow a second mortgage behind theirs, as long as the GDS/TDS guidelines are met.

High ratio insured stated income mortgaging is available through lenders as per the Insurers guidelines. Sagen and Canada Guaranty offer these insurances, however, CMHC no longer offers this product.

Unless you are fully conversant in this field of lending, ask for advice from a broker/agent with experience, or call the lender for guidance.

6.5 Confirming Income of the Applicants

FSRA expects that a brokerage will take steps to verify employment/income information, and document the steps taken in situations where it knows or ought to know that income information likely is incorrect. This includes, but is not limited to, situations where the borrower's income information is not consistent with the person's Notice of Assessment from the Canada Revenue Agency.

The steps to verify a borrower's employment income information may include, but are not limited to:

- 1) Asking the borrower for additional documents such as a business card or employer-issued building access card to demonstrate employment with the stated employer.
- 2) Verifying that the borrower's stated employer or place of employment exists.
- 3) Calling the borrower's stated employer to verify the content provided in the employment letter and pay stub.

Brokerages should adopt a process to verify employment income information that complies with applicable privacy legislation, including the Personal Information Protection and Electronic Documents Act. For example, by obtaining consent from a prospective borrower to verify such information with the stated employer.

6.6 Confirmation of Identification

The following are, but not limited to, acceptable forms of proof of Identification. The majority of lenders will ask for a minimum of two acceptable forms of positive identification. The documents must be verified and valid on the date the mortgage closes.




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

- Driver's license with photo
- Un-expired passport
- Nexus Card with photo
- Firearms license with photo
- Permanent Residence Card



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

- Canadian National Institute for the Blind (CNIB), bearing individual's name, photo and signature
- Major credit card
- Employee ID card
- Canadian University or College student ID card, bearing individual's photo and name
- Canadian Permanent Resident card (aka Maple Leaf card) bearing photo and signature

Your specific lender will inform you if what you provide is acceptable or not.

As you familiarize yourself with the lending guidelines of your lenders, it is recommended that you, the mortgage broker/agent, become conversant in the Standard Charge Terms of your respective lenders. Become knowledgeable of the IRD's, the pre-payment privileges, does the Mortgage Instrument encompass all other debts to that institution, the renewal terms, the late payment penalties, etc. This will assist you in representing your client with more professionalism and accuracy.

6.7 Deemed Trust

In a Court Case, the Canada Revenue Agency (CRA) established the strength of the Super Priority! The position and recognition of the Deemed Trust was tested and confirmed in the Courts.

In Toronto-Dominion Bank v. Canada, the Federal Court of Appeal upheld the Federal Court's decision that the Toronto Dominion Bank was required to pay to the Canada Revenue Agency proceeds of \$67,854 for unremitted GST received as repayment from a borrower after the discharge of a TD mortgage.

Case <https://www.canlii.org/en/ca/fca/doc/2020/2020fca80/2020fca80.html>

Opinion <https://www.canliiconnects.org/en/commentaries/70650>

The bottom line to this story is that a lender can be held retroactively financially responsible for unpaid HST and employer/employee deductions that were outstanding at the time of funding their mortgage. Even after it was paid off!

What is the Deemed Trust?

This link will provide an overview of information on Deemed Trust by CRA.

<https://www.canada.ca/en/revenue-agency/services/about-canada-revenue-agency-cra/when-youmoney-collections-cra/information-on-deemed-trust.html>

This link clarifies the meaning of **Super Priority**:

<https://taxpage.com/articles-and-tips/cra-super-priority-liens/>

So the next issue is "What about Deemed Trusts" after the mortgage is funded?



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

If the borrower is operating a business where HST and/or Income Tax, CPP and EI premiums of the employees is collected it becomes held in the Deemed Trust. If these monies are not remitted to CRA in an orderly and timely manner, then CRA can exercise their Super Priority rights and garnish bank accounts, accounts receivable, and any other income sources; **seize and sell assets**; and use other legal actions to collect amounts owing. Which put in plain English is; CRA can claim priority of status on any real estate owned by the borrower or other assets and can move in front of any other lien registrations ie: mortgages or loans.

So where does this put any Private mortgages that you as a Broker or Agent place with this borrower?

First, we must clarify who is at risk when placing mortgages with a borrower who has not or does not remit their HST and employee deductions to CRA. **As the rulings mentioned above indicate, it can be the mortgage lender. If proven, this places the Mortgage Broker in a very tenuous position.** If a claim is made upon the lender, they will probably, through their lawyer make a claim upon the Brokerage and Broker who placed them in the mortgage investment.

The Mortgage Brokerage that conducts their business dealing with Private Investors can be placed in a very precarious position when placing mortgage requests with Private Investors. Would the brokerage be liable if a CRA claim is made upon the Investor for past or current outstanding liabilities? Would the Investor make a claim upon the Brokerage?

SUGGESTIONS

It is Important to note that CRA remittances are a monthly ongoing event. Any arrears to the monthly remittances of the Deemed Trust places the monies owed into Super Priority status. Which places CRA in prior position to any and all mortgages/liens on the borrower's property? **Therefore, it is recommended that the Administrator or Investor ask for on-going confirmations of the borrower's remittances to CRA, so as to protect the mortgagee's position on title.**

We are providing some suggested guidelines that a Brokerage should follow when considering making an offering to a potential Investor and we recommend they should be attached to The Investor Disclosure Document (Form #1).

- Reference to your findings should be addressed in Section 2 item #12 (Material Risks) This should clearly state the risks involved in Lending to a borrower who is responsible for collecting and remitting Deemed Trust monies.
- An added schedule in Part E item #8. Either list the documents that you are providing in this box or reference an addendum to the Form #1 that is attached. That addendum should be initialed by the lender.



XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

In Addition, we recommend that all Private Mortgages include a clause indicating “That arrears to CRA pertaining to HST, UI, CPP and any other employer/employee deductions pertaining to the Deemed Trust will be treated as arrears to this mortgage and formal legal proceedings may be initiated”.

CAUTION - due to Covid-19 many businesses small and large are suffering financially and may not be making their CRA remittances. Be extra careful.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

Suggested Underwriting Protocols.

When taking the application on the borrower(s) as many years of employment history as possible. Look for any Business Employment history (including being a Director of a Company) for the applicant and/or their partner or spouse if they are registered on title today or in the past. **

If you uncover any indication of BFS ask for copies of the company's Articles of Dissolution, or HST Returns and filings. Proof of employer/employee deductions being paid by the company's accountant, with an accompanying letter on corporate letterhead, with a signature.

It is important to note that Directors of a corporation can and will be held liable for any outstanding CRA remittances to a maximum of two years from the date of their resignation. Unless, of course, if they were a party to or otherwise aware of the intentional non-payments. Then there are no time frame limitations.

** It is generally accepted that CRA will go back 7 years in financial returns, but they have been known to go back 10 years.

- Gather at least the last three months HST returns, verified from the "CRA my account" or preferably the borrowers accountant.
- Gather at least the last three months employer/employee CPP, UI, Income tax statements showing "paid" from the borrower's accountant or from "CRA my account".
- Gather at least the last three months bank statements showing deposits and payments.
- Match the bank statements to the payment statements.
- Confirm the company registration, or active business licence.
- Gather the business incorporation docs
- Look for business website(s)
- Get a void copy of a void Company Bank Cheque.
- A copy of the last two years NOA's on the borrower.
- In addition, a Letter of Attestation from the borrower stating that he/she or the corporation does not owe any monies to CRA by way of the Deemed Trust.

You are not limited to these suggestions. You may deem it reasonable to conduct additional inquiries, so as to further satisfy your fiduciary responsibilities.

12. The mortgage brokerage is required to disclose in writing the material risks of this investment.

Describe the material risks of this investment.

Material Risks Deemed Trust

The mortgage brokerage has fully complied with all requirements of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* and its regulations.

I have fully completed the above Declaration of Brokerage Relationships and Potential Conflicts of Interest in accordance with the *Mortgage Brokerages, Lenders and Administrators Act, 2006* and its regulations and declare it to be accurate in every aspect to the best of my knowledge.

Signature of Mortgage Broker

Date (yyyy-mm-dd)

Print name of Mortgage Broker

Licence number of Mortgage Broker

Acknowledgement

I, _____,
Print name of Investor/Lender

acknowledge receipt of this Declaration by the Mortgage Brokerage signed by

Print name of Mortgage Broker

Signature of Investor/Lender

Dated by Investor/Lender (yyyy-mm-dd)

Part E. Attached Documents

Important: You should review the following documents carefully and assess the risks of this investment before committing to invest. You should check that all documents are consistent with this disclosure summary. The following documents should be attached. If not available or applicable, provide comments in the box below.

	Attached
1. If the statement concerns an existing mortgage, provide a copy of the mortgage.	<input type="checkbox"/>
2a. If an appraisal of the property has been done in the preceding twelve months and is available to the mortgage brokerage, a copy of the appraisal.	<input type="checkbox"/>
2b. If a copy of an appraisal of the property is not delivered to you, documentary evidence of the property value, other than an agreement of purchase and sale.	<input type="checkbox"/>
3. If an agreement of purchase and sale in respect of the property has been entered into in the preceding twelve months and is available to the mortgage brokerage, a copy of the agreement of purchase and sale and all related schedules, amendments and waivers.	<input type="checkbox"/>
4a. Documentary evidence respecting the borrower's ability to meet the mortgage payments.	<input type="checkbox"/>
4b. If you request, a copy of the borrower's application for a mortgage including documents submitted in support of application.	<input type="checkbox"/>
5. If the mortgage is for the purchase of a property, documentary evidence of any down payment made by the borrower for the purchase of the property.	<input type="checkbox"/>
6. A copy of any agreement that you may be asked to enter into with the mortgage brokerage and/or mortgage administrator.	<input type="checkbox"/>
7. Completed Addendum for Construction and Development Loans (Form 1.1)	<input type="checkbox"/>
8. List other documents being provided here.	
9. If other relevant documents are not being provided or the documents are not attached explain:	x _____ Initial by Investor

Important: The mortgage brokerage is also required to provide you with all other information a lender or an investor of ordinary prudence would consider to be material to a decision whether to lend money on the security of the property or invest in the mortgage, so that you can make an informed decision before you commit to lend/ invest. This information might include the following:

1. If the property is a rental property, details of leasing arrangements, assignment of rent provisions and vacancy status.
2. Environmental considerations affecting the value of the property.
3. If applicable, attach any power of attorney authorizations.

Investor/Lender Initials:	Date:
---------------------------	-------



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

7.0 Private Lenders

7.1 Introduction

Private Lenders (also known as Investors by the MBLAA, 2006) are a special case in our industry. Mortgages provided to Borrowers from Private Lenders must be treated with greater care and due diligence due to the nature of our relationship to both the Borrower and Lender in these cases. The following section outlines some of the special considerations, policies, and documentation surrounding Private Lending within XLG MORTGAGE GROUP.

It is imperative that these rules be followed, as FSRA may be performing full audits of mortgage brokerages in Ontario to verify that this information is in place, and that these policies and procedures are being followed.

7.2 Agents Must Not Sign Investment Disclosure Forms

In accordance with the MBLAA, 2006, NO AGENT representing XLG MORTGAGE GROUP is permitted to sign an investment disclosure form to a private lender. It is a further condition of XLG MORTGAGE GROUP that no agent may present an investment disclosure document to a private lender.

7.3 Principal Broker Must Approve All Private Lenders

It is the policy of XLG MORTGAGE GROUP to evaluate and approve all Private Lenders used by any Mortgage Broker/Agent within this Brokerage. This means that a physical file containing full Private Lender information must be maintained at XLG MORTGAGE GROUP' head office. A full Investor Risk Profile conducted on the Private Lender must also be in the file in order to verify the suitability of all mortgage investment presented to them.

It is important to note that, while the Principal Broker must approve all Private Lenders and maintain a file on them, it does not mean that this Private Lender will be accessible directly to all Mortgage Brokers/Agents in the firm.

The Principal Broker shall have final authority to approve a Private Lender, and as such if a Private Lender is not approved, Brokers/Agents are not permitted to engage that Private Lender in any manner pertaining arranging a mortgage. Failure to abide by this will result in immediate termination if it's determined by the Principal Broker that the Broker/Agent acted with willful disregard to this clause.

7.4 Know Your Investor / Lender



XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

In order for any Mortgage Broker/Agent to work with a Private Lender, the first step is to ensure that you know your Investor/ Lender is aware of the risk associated with the investment, and that risk is suitable given their age, needs, etc. It is mandatory under the MBLAA, 2006 (O. Reg. 188/08 s.10 & 11) for there to be documentation on each Private Lender used by Mortgage Brokers/Agents of XLG MORTGAGE GROUP at our company's head office, for the purposes of a FSRA audit. Therefore, at a bare minimum, basic information about the Client may include copies of their identification, and declarations of "know



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

your client” must be kept in this file.

We follow Anti-Money-Laundering legislation and verify that funds for our mortgages are coming from within the financial system, not from large cash deposits. In addition, a copy of the Ontario Investor Disclosure form for each mortgage funded by any specific Private Lender needs to be retained by the Brokerage in our files. Even if this is someone you have worked with for years, this documentation is mandatory, and will be examined by the Regulator during an audit. Ensure you only work with Private Lenders that are approved by the Brokerage.

It is the responsibility of the Principal Broker to ensure that Brokers/Agents of this Brokerage are not being used to facilitate dishonesty, fraud, crime or illegal conduct.

7.5 Investor Disclosure Form

Every Private Lender must be presented with an Ontario Investor Disclosure Form for each and every mortgage transaction in which they are a participant (O. Reg. 188/08 s.31). Once signed by the Private Lender, a copy of this form must be included in the Client mortgage transaction file – note that only a Broker licensed person may sign the Lender/Investor Disclosure (O. Reg. 188/08 s.31 (1)).

It is the policy of the brokerage that the Investor Disclosure Forms must be prepared and signed only by the Principal Broker. A fee of \$500 per investor disclosure shall be charged for the preparation of the document.

7.6 Designated Class of Lenders or Investors

In some cases, you may end up working with a Private Lender or consortium that belongs to (or should belong to) what the MBLAA, 2006 Regulations calls a “Designated Class of Lenders or Investors” (O. Reg. 188/08 s. 2). The most common conditions you will face under which Private Lenders would be part of this class are as follows:

- A person or entity who is registered as an Adviser or Dealer under the Securities Act when the person or entity is acting as a Principal, or Agent, or Trustee for accounts that are fully managed by the person or entity;
- An individual, who, alone or together with his or her spouse, has net assets of at least \$5 million and who provides written confirmation of this to the Brokerage;
- An individual who, alone or together with his or her spouse, beneficially owns financial assets (being cash, securities within the meaning of the Securities Act, the cash surrender value of a life insurance contract, a deposit or evidence of a deposit) that have an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1 million and who provides written confirmation of this to the Brokerage;
- An individual whose net income before taxes in each of the two most recent years exceeded



XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

\$200,000 or whose net income before taxes in each of those years combined with that of his or her



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

spouse in each of those years exceeded \$300,000, who has a reasonable expectation of exceeding the same net income or combined net income, as the case may be, in the current year and who provides written confirmation of this to the Brokerage.

In these cases, if we have the relevant information on file as outlined above, it is not mandatory to provide a copy of the Ontario Investor Disclosure Form to the Lender for each transaction. It is suggested that one be presented so as to avoid any conflicts if the mortgage goes into default with a sustaining loss.

7.7 Borrower Enhanced Due Diligence for Private Lenders

In the case of Private Lenders, complete the appropriate Ontario Investor Disclosure Form including the following:

- Brokers must perform Enhanced Due Diligence and provide documentary evidence of the borrower's ability to meet the mortgage payments for the life of the loan;
- If it is a construction loan, document due diligence on the developers and the property to reduce the risk of mortgage fraud;
- Document the risks of the rank of the mortgage; and
- Document situations where the Investor may be required to contribute additional funds.

Appraisals will be required in almost all instances. In the event an appraisal is not required, document the rationale in the file. If the appraiser does not hold a CRA or AACI designation document the rationale in the file.

7.8 Submitting Applications to Private Lenders

All applications for Private mortgages will be reviewed with the Principal Broker or designate to ensure suitability with the Lender/Investor and the Borrower. The Principal Broker and/or designate shall be included in all correspondences regarding the application. Any fees on private mortgages must be discussed with the Principal Broker.

7.9 Lending of Personal Funds

Agents/ Brokers that choose to lend their personal funds must do through the Brokerage only and do so at their own risk. The Agent/ Broker must notify the brokerage in writing and clarify any conflicts of interest




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

whether actual or perceived. When lending through other lenders or brokerages, the Agent/ Broker shall indemnify and save harmless XLG MORTGAGE GROUP. The Agent/Broker's fiduciary duties to the Brokerage shall at all times remain.

The Brokerage reserves the right to refuse the lending of own funds at the Brokerage's sole discretion.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

The lending of personal funds poses an additional risk for the Brokerage and can also affect the Brokerage's Errors and Omissions Insurance premiums. As such a non-rebatable fee of \$1,000 per file will be payable by the Agent/Broker lending their funds to offset any premium increases. All standard fees, costs, and splits will still apply.

8.0 Mortgage File Documentation Requirements

8.1 Introduction

Proper documentation for each file is critical in the Mortgage Broker industry. It ensures that we have taken the proper care to work in the Client's best interests. It is also the law. Under the MBLAA, 2006 and its Regulations (O. Reg. 188/08 s.46), all documentation for a mortgage originated by a Brokerage must be kept on file in both paper and electronic format for six years from the end of the initial term of the mortgage. This means that the documentation for a 5 year term mortgage must be retained by the Brokerage for 11 years from the funding date of the mortgage.

8.2 The File Checklist

All Brokers/Agents of XLG MORTGAGE GROUP will store all original files at the Head Office. Branch offices and any Broker/Agents working out of remote locations (ie. Home offices) will deliver their completed files to the head office for file storage. They will keep only the records as described in Section 8.11 Destruction of Files By Agents/ Brokers.

8.3 Documentation Requirements

Each file must contain all documents relevant to the transaction, all documentation transmitted to the Lender, and any other internal documentation required. It is the policy of XLG MORTGAGE GROUP that the following documentation, at a minimum, will be contained in each mortgage file:

- Client Agreement
- Know Your Client – Suitability Profile form
- Signed Mortgage Commitment
- Disclosure to Borrower
- Consent Form
- MLS Listing (if required)
- Final Purchase & Sale Agreement (if required)
- Reasoning Letter (if applicable)
- Appraisal (if applicable)
- Schedules/Waivers (if required)
- Proof of Income & Employment
- Proof of Equity (if required)
- Proof of Borrower(s) Identity
- Amortization Schedule
- Material Risk Disclosure Form
- Application
- Credit Bureau(s)
- Identification
- Deal Attestation Form
- MPP Insurance form



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

All additional information and documentation required as part of your due diligence and/or required by the Lender must be contained in the file. It is a best practice to also include any notes, timelines of interactions, and other details about the application or transaction process in the file for future reference.

8.4 Files for Non-Completed Mortgages

Even mortgages that do not fund require a paper trail. If an application is taken for a Client, then a file must be created. At minimum, each of these files must contain a signed and dated Consent Form and should contain any other documentation you were provided by the Client during the application process. Be sure to note in the file, or within your notes, why the deal did not fund.

This shall be provided no later than 14 days after the file is declined (without possibility of resubmission to the same or another lender), cancelled (be any party), or becomes inactive (no contact with the client). Failure to provide will result in a \$500 fee charged to the Broker/ Agent per file and immediate action is required to rectify the issue. If numerous instances of non-compliance with this requirement are present and not rectified upon request, the Brokerage may take additional action in addition to the fee.

For cancelled or declined files, the Brokerage is also responsible to retain the file for a period of 72 months (O. Reg. 188/08 s.48 (3)).

8.5 Complete File Required Before Commissions Paid

It is the policy of XLG MORTGAGE GROUP that no commissions are paid on mortgage files unless we have a complete file in our possession within 30 calendar days starting the day which the mortgage is funded. Files are reviewed and audited for documentation contents prior to commission payments, so if anything is missing from the file you will be notified and will be expected to remedy the situation before receiving your commissions. There will be a deduction from commissions after splits of \$100 per day late beyond the 30 days period. For each error on the file, \$100 per error will be deducted (after splits). There are no exceptions to this rule.

8.6 Electronic Filing Requirements

All paperwork can be filed electronically however a printing fee will be applied based on the number of pages to be printed in order to create a physical file. This will be in addition to any other deductions or fees.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

8.7 Home Office Storage

All client information is required to be kept in a secure location at all times. When files are not being used or will be left unattended, it is required to be kept secured by two (2) locks (i.e. locked office door &



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

locked filing cabinet) to which access is limited to only the Broker/ Agent. If it is not feasible for this to be accomplished, the Broker/Agent is required to keep all their files at the Brokerage office.

8.8 Vehicles

At no time shall client information be left unattended in vehicles regardless of location in the vehicle (i.e. trunk) and regardless of the method of storage (i.e. locked briefcase).

8.9 Digital Storage (USB/Hard Drive)

Storage of client information on any digital/ electronic media will be permitted provided that the contents is protect by a password and the actual media device is stored in a locked secured location when not in use.

8.10 Cloud Storage

Cloud storage of client information will not be permitted on cloud servers provided by Third Party providers (i.e. Google Drive, One Drive, Dropbox etc.) or any file sharing services. In the event that the Brokerage installs a Network Attached Storage (NAS) device, it will be only accessible within the Brokerage and will stored in a locked IT Cabinet. As such, storage of client information and completed files will be permitted on the NAS device.

8.11 Destruction of Files by Agent / Brokers

It is the policy of XLG MORTGAGE GROUP that no Mortgage Brokers/Agents will retain any documentation related to any mortgage file for a period longer than 60 days from the funding date of the transaction. All documentation must be properly destroyed by secured means (cross-shredding or other destruction method) whereby the documentation cannot be legible or intelligible to anyone who might gain access to it.

This is not to say that the Mortgage Broker/Agent cannot retain a Client list and basic, non-financial information relevant to the conduct of their business and the provision of proper customer service (e.g. full Client contact information, initial mortgage amount, funding date, Lender, maturity date, interest rate, etc.). However, should you choose to store this information in a different manner, then it must be stored in a secure manner, password- protected, and physically secure within your office, home office, or place of business at all times.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

8.12 Maintaining Files

XLG MORTGAGE GROUP will maintain the following records:

- 1) Complete and accurate financial records of its licensed activities in Ontario.
- 2) Complete and accurate records of every mortgage application, mortgage instrument and mortgage renewal agreement received or arranged by the brokerage.
- 3) Complete and accurate records of every other agreement entered into by the brokerage in the course of dealing or trading in mortgages or in the course of mortgage lending.
- 4) Complete and accurate records of all documents or written information given to or obtained from a borrower or prospective borrower, a lender or prospective lender, an investor or prospective investor or any other person or entity pursuant to a requirement established under the Act.

All files will be stored in a manner that safeguards against theft or falsification of records.

8.13 Co-brokering

Co-brokering of files will only be considered when all other viable options have been exhausted. The Principal Broker must be notified in advance of any file being co-brokering of files regardless of outgoing, incoming or internal. The Principal Broker shall at all times have the right to deny the co-brokering of a file. Samples of the forms for the various types of co-brokering can be found in the Policy and Procedures Manual Supplemental 1 document.

8.13.1 Outgoing Co-Brokering

XLG MORTGAGE GROUP will only pay a fee or other forms of remuneration to a Registered Licensed Brokerage, or to an exempted entity with regards co-brokered transactions. XLG MORTGAGE GROUP will not pay a fee or remuneration directly to a Broker/Agent of another Licensed Brokerage (O.Reg 188/08 s. 44).

XLG MORTGAGE GROUP' Agents/Brokers may from time-to-time co-broker a deal with a Broker or Agent from another Brokerage. This can be done as long as the following conditions and agreements are met:

1. The Agent/Broker with XLG MORTGAGE GROUP has verified via a FSRA search that the other Agent/ Broker is actively licensed and authorized to sell in the Province of Ontario or via the regulator for the Province that the referring Agent/ Broker is operating in;
2. Both brokers/agents have obtained the consent of their respective brokerage;
3. The brokerages have a written agreement governing the provision of the incentive to the Agents/ Brokers;



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

4. Both agreements require the brokerage to give the other brokerage particulars of the following matters both periodically and upon request:
 - i. the incentives provided by the brokerage to the brokers/agents or a;



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

- ii. if an incentive entitles the broker or agent to exercise one or more options in the future, particulars of the options exercised during the applicable period;
5. A completed and signed Co-Broker Deal Form (Outgoing) is provided to XLG MORTGAGE GROUP with the completed file.

8.13.2 Incoming Co-Brokering

Agents/Brokers receiving files for co-brokering can accepting the file provided the following:

1. It has been verified via a FSRA (or other regulatory body as per Province of origin) search that the other Agent/ Broker is actively licensed and authorized to sell;
2. The Principal Broker is notified of the request to co-broker and the deal is reviewed by the Principal Broker;
3. A satisfactory rationale for why the file needs to be co-brokered is provided;
4. The lender to whom the file is being submitted is contacted prior to submission to ensure there are no previous negative issues with the referring Agent/Broker and the lender.
5. A completed and signed Co-broker Deal Form (Incoming) is provided to XLG MORTGAGE GROUP with the completed file.

8.13.3 Internal Co-Brokering

For Co-Brokering between agents within the brokerage a Co-Broker Deal Form (Internal) needs to be completed and signed by both parties prior to the co-brokering being initiated. An application cannot be co-brokered to any agents that are in their training period.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

9.0 Managing Deemed Trust Funds

It is the policy of XLG MORTGAGE GROUP that we will not accept deemed trust funds due to the regulatory requirements required accept and process Trust funds, and the administration of the Trust Account.

If an Agent/Broker wishes to charge an upfront fee on a qualified mortgage, it must be discussed with the Principal Broker first and the funds must be process via a lawyer's trust account.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

10.0 Syndicated Mortgages

10.1 Introduction

The following helps to differentiate between a Qualified and a Non-qualified Syndicated Mortgage.

The definition of a Syndicated Mortgage is a mortgage (debt instrument) that is secured by Real Estate where two or more Investor/lenders participate in the ownership of the mortgage. Their share participation does not have to be of equal consideration.

Syndicated mortgages are now, for the legal standing in Ontario, defined into two categories:

- Qualified Syndicated Mortgages
- Non-qualified Syndicated Mortgages.

10.2 Qualified Syndicated Mortgages

A Qualified Syndicated Mortgage is;

As defined under the amended regulation O. Reg. 188/08 s. 1(2) and s. 1(3), a qualified syndicated mortgage is a syndicated mortgage that meets all of the following criteria:

1. It is negotiated or arranged through a mortgage brokerage.
2. It secures a debt obligation on property that,
 - i. is used primarily for residential purposes,
 - ii. includes no more than a total of four (4) units, and
 - iii. if used for both commercial and residential purposes, includes no more than one unit that is used for commercial purposes.
2. At the time the syndicated mortgage is arranged, the amount of the debt it secures, together with all other debt secured by mortgages on the property that have priority over, or the same priority as, the syndicated mortgage, does not exceed 90 per cent of the fair market value of the property relating to the mortgage, excluding any value that may be attributed to proposed or pending development of the property.
3. It is limited to one (1) debt obligation whose term is the same as the term of the syndicated mortgage.
4. The rate of interest payable under it is equal to the rate of interest payable under the debt obligation.

10.3 Non-Qualified Syndicated Mortgage



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

A Non-qualified Syndicated Mortgage is a syndicated mortgage that secures a debt obligation incurred for the construction or development of property and does not meet the criteria of a qualified syndicated mortgage.

A typical Non-qualified Syndicated Mortgage could be 10 or more individuals investing in a mortgage registered against real estate for the purpose of acquiring property for future development. The mortgage monies may also be used to be applied to the hard and soft costs of the development.

10.4 FSRA Rules Regarding Non-Qualified Syndicated Mortgages

The following is an excerpt from the FSRA site that clarifies the new rules regarding Non-qualified Syndicated Mortgages.

To all mortgage brokerages who are dealing in syndicated mortgages

The Financial Services Regulatory Authority (FSRA) has noted that several mortgage brokerages have entered into arrangements with developers and promoters that want to attract investors for syndicated mortgage investments.

FSRA is cautioning mortgage brokerages that have such arrangements with unlicensed businesses that they may be exposing their brokerages to contraventions of the Mortgage Brokerages, Lenders and Administrators Act, 2006 (MBLAA).

Soliciting or Providing Information

Under section 2 of the MBLAA, businesses that solicit investors or provide information about syndicated mortgage investments must be licensed as mortgage brokerages. This requirement applies even if the unlicensed business that is promoting a syndicated mortgage investment refers investors to a licensed mortgage brokerage to close the transaction.

Soliciting or providing information includes:

- having websites;
- presenting at informational seminars;
- promotional booths at investor trade shows; or
- advertising on radio, television and in newspapers.
- promoting through Social Media

A business that provides information about syndicated mortgage investments must be licensed as a mortgage brokerage. Mortgage agents and brokers cannot operate an unlicensed business in order to




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

provide information about syndicated mortgage investments, nor can they operate outside of their licensed mortgage brokerage's oversight.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

It should be noted that the appearance of a mortgage brokerage's name on websites or promotional materials that are controlled and distributed by an unlicensed business may expose the brokerage to noncompliance with the MBLAA.

FSRA has taken action against licensed mortgage agents and brokers that own and/or operate unlicensed businesses providing information about syndicated mortgage investments. FSRA will continue to take such action and potentially against the mortgage brokerages that were required to supervise them.

Fees or Payments

O. Reg. 188/08, s. 44(1) and (2)

A mortgage brokerage may only pay another brokerage for dealing in mortgages. In other words, paying fees to any unlicensed business that is dealing in mortgages (e.g., an unlicensed business that has solicited syndicated mortgage investments) contravenes the regulation prohibiting the payment of fees to unlicensed businesses.

A mortgage brokerage that receives payment for referring an investor to another brokerage must disclose to the investor: O. Reg. 188/08, s. 23.

- that the mortgage brokerage will receive a payment for the referral; and
- the nature of the mortgage brokerage's relationship with the other brokerage.

The brokerage must disclose this information before the referral is made or when making the referral.

Suitability of the Investment

O. Reg. 188/08, s. 24 (1), O. Reg. 188/08, s. 25 (1), and O. Reg. 188/08, s. 27 (1).

The MBLAA requires mortgage brokerages to take reasonable steps to ensure that the mortgage investment they recommend is suitable based on the client's needs and circumstances.

The MBLAA also requires brokerages to advise a client of the material risks of the investment and disclose information about potential conflicts of interest and evidence of the borrower's ability to meet the mortgage payments.

Mortgage brokerages must ensure that investors in syndicated mortgage investments understand potential risks, such as:

- Early withdrawals. It may be difficult for investors to withdraw money early from a syndicated mortgage investment. The investor may need to find another investor to take over the syndicated mortgage investment.
- The additional risks of construction loans. If a syndicated mortgage is for a construction loan, investors need to understand the current value of an undeveloped property and the projected value of the project upon completion.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

- Unforeseen circumstances. Investors need to understand what would happen if the project cost more than expected and the developer runs out of money and cannot complete the project.
- The position of the mortgage. Investors need to know whether the syndicated mortgage investment is a first, second or subsequent mortgage. Investors should also be aware if the position of this mortgage may change in the future.
- Requirements to invest more money. Investors need to understand situations where they may be required to put in more money. For example, if the borrower defaults on the mortgage, investors may incur additional costs to take legal action against the borrower.

Proof of Investor Disclosure

O. Reg. 188/08, s. 46

FSRA will not consider evidence of the investor's signature on relevant documentation, on its own, as sufficient proof that the client was adequately informed about the investment and its risks.

Mortgage brokerages must keep appropriate documentation on file. This includes records that detail their discussions with clients.

Advertising

O. Reg. 188/08, s. 7 and O. Reg. 188/08, s. 16

FSRA is also cautioning that it is misleading to advertise syndicated mortgage investments if the advertisement fails to reflect the information that must be provided on the Investor/Lender Disclosure Statement. For example, it is misleading to advertise syndicated mortgage investments that promote the projected value of a completed construction project without also providing the project's current value.

The MBLAA also prohibits a brokerage from guaranteeing a mortgage investment. This includes using the word "guarantee" and other words that may suggest to an investor that the investment is risk-free.

Restriction re guarantees

A brokerage shall not, directly or indirectly, offer or make any guarantee to a lender in respect of a mortgage or to an investor in respect of an investment in a mortgage. O. Reg. 188/08, s. 16.
<http://www.FSRA.gov.on.ca/en/mortgage/bulletins/Pages/m-01-15.aspx>

10.5 Dealing with Qualified Syndicated Mortgages

All transactions relating to syndicated mortgages, whether arranged directly or co-brokered must be




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

reviewed with the Principal Broker prior to proceeding. Agents/ Brokers must proceed with due diligence in all cases of syndicated mortgages. It is the requirement by the Brokerage that the following criteria be met prior to consideration is given to the file:



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

1. Completed Know Your Investor Form. If there is an existing form that is older than 90 days, a new form must be completed and compared to each other to identify if concerns exist. The Know Your Investor Form should assess the overall investment risk tolerance of the investor. This includes detailing the amount of funds the investor has to invest, the investor's income, other sources of revenue, other investments (mortgage and nonmortgage) held, the time horizon, loan to value (LTV) requirements, geographic restrictions if applicable, acceptable and unacceptable property types, length of term, renewal considerations, fees charges, administration of the mortgage, late & default charges, and expected rate of return.
2. A signed attestation from the investor must be completed for an investor to be considered as a "designated class" (see Appendix A)
3. The Agent/Broker must provide evidence that they have reasonably researched the investor to limit any business alliance risk. This also extends to researching the investor's affiliates. Completing Google, Facebook, LinkedIn and other social media searches and printing the results to include with the Know Your Investor form should be one method of accomplishing this research. Speaking to other lenders, partners, lawyers and agents/brokers about current and past dealing with the investor should also be a method of research.
4. The Agent/Broker has a duty to determine if the investment is suitable to the investor as per the Know Your Investor form. If the needs of the borrower do not match with the suitability of the investor, the transaction shall be cancelled. In the event that the investor is willing to proceed on exception, a revised Know Your Investor form must be completed and it must be noted in the file that the investor has chosen to proceed with the file but is reassessing their risk tolerance.

An Investor/ Lender Disclosure Statement (Ontario Form 1) must be completed for each investor/ lender and a signed copy must be kept in the file. If the file is being presented to numerous investors/ lenders to obtain an approval, a separate customized form must be prepared for each investor/lender. Only the Principal Broker can complete the Investor/ Lender Disclosure Statement. A preparation fee of \$500 per Investor / Lender Disclosure Statement will be charged to the Agent/Broker regardless of the deal funding or not.

10.6 Assessing Suitability

Agents/ Brokers must assess the suitability of the borrower to ensure that their financing needs will match the risk tolerance and requirements of the lender. As such, Agents/ Brokers must do at least the following:

- 1) Completed a detailed application with documented consent from each borrower
- 2) Document the identification of each borrower (on Filogix Expert & either on the Deal Attestation form or with copies of the ID refer to Section 3.3)



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

- 3) Obtain and review a credit bureau for each borrower. Gather explanations from the borrower(s) regarding any derogatory information on the credit bureau and provide that information to the investor/lender.
- 4) Obtain income confirmation to determine the repayment ability of the borrowers and provide disclosure of this to the investor/lender
- 5) Provide an assessment of the value of the property by way of an appraisal acceptable to the investor/lender or via another method acceptable to the investor/ lender (i.e. MLS listed purchase agreement, Purview report etc.).
- 6) Obtain and provide details of existing debt obligations of the property (regardless of being paid out) confirming balances owing, payment arrears etc.
- 7) Obtain the most current property tax bill and/or property tax statement to determine if any property tax arrears exist and provide disclosure to the investor/lender.

10.7 Not Dealing in Non-Qualified Syndicated Mortgages

It is the policy of XLG MORTGAGE GROUP that this brokerage and none of XLG MORTGAGE GROUP' brokers and agents or staff promote, sell, represent, refer or otherwise deal in Non-qualified Syndicated Mortgages.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

11.0 Human Resources Policies and Procedures

11.1 Hiring Policy Overview

XLG MORTGAGE GROUP is an equal-opportunity employer, whose primary goal is to build a team of Mortgage Brokers/Agents to perform outside sales tasks, as well as a supporting team whose responsibilities will include all operational, payroll, audit, and compliance management elements of the business. This hiring policy applies to all Employees and Independent Contractors of XLG MORTGAGE GROUP.

Outside Sales Staff form the majority of the individuals this policy will apply to. When hiring for these positions, our key goal is to determine the suitability of an individual to succeed in this commission only environment. Several tangible and intangible factors come into play when determining the potential and eventual success of a Candidate. For this reason, we have developed a detailed set of core competencies that indicate potential, but this does not necessarily guarantee success. In the end, the decision to offer a contract to a Candidate is both an objective and subjective one, based on past sales success and achievements from an objective perspective, and based on what our Brokerage feels the probability of success is for a Candidate, from a subjective perspective.

Positions of a non-sales nature will be filled from qualified applicants who possess the skill set required for the successful completion of the duties associated with the position as outlined in the job description.

11.2 Hiring Process

Hiring of all Employees and Independent Contractors will be done using the following process:

- 1) If someone other than the Principal Broker is attempting to hire the individual (e.g. for their sales “team”, etc.), initial discussions and meetings are permitted between the Mortgage Broker/Agent and the Candidate. However, once a Mortgage Broker/Agent contracted and authorized by our Brokerage determines they have found a suitable Candidate for their needs, said Candidate will be introduced to the Principal Broker, and the remainder of this process will apply.
- 2) All Candidates must:
 - a. Complete the Application, which they must sign;
 - b. Provide a copy of their resume with their Application;
 - c. Provide one piece of photo identification (to be photocopied);
 - d. Provide at least two references, one of which may be personal, but one of which *must* be a previous Employer or Co-worker who has knowledge of their prior business conduct.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

- 3) Candidates hired as staff will be given a copy of the Employment Standards Act poster as per Employment Standards Act legislation (refer to 11.5 Mandatory HR Posting).
- 4) Following XLG MORTGAGE GROUP' review of the application and other documentation provided by the Candidate, our Brokerage will arrange an interview either in-person or (where required) via telephone or web conference. Any Candidates that do not meet our employment requirements for any reason whatsoever will remain classified as Applicants. Applicants may only apply once every six months for Candidate status.
- 5) Following the interview, and at the discretion of the Principal Broker, the Candidate's status will be changed to "Investigate," and the background check process will commence. This process must include:
 - a. Verification of any Letters of Reference provided;
 - b. Documented contact with any references provided;
 - c. Request and receipt of a Credit Bureau for the Candidate from a Credit Reporting Agency (Equifax, TransUnion, etc.);
 - d. Verification of the identity of the Candidate.
- 6) If investigation of the Candidate's background proves that they are suitable to be licensed as a Mortgage Broker or Mortgage Agent under the *MBLAA, 2006*, XLG MORTGAGE GROUP will make a conditional offer of employment/contract to the Candidate. The conditional aspect of the offer will depend on the Candidate agreeing to acknowledge our Policies and Procedures in writing, and any other condition that should be met before the Candidate may consider themselves an Employee/Independent Contractor, including the results of the criminal background check performed by FSRA on every Applicant for a Mortgage Agent or Mortgage Broker licence.
- 7) Following an acceptance of an offer of Employment/Independent Contractor Agreement, all new Employees/Independent Contractors will be given a start date and will be provided a copy of these Policies and Procedures. All required forms must be signed and system setups be completed BEFORE actual work is performed or any applications submitted to Lenders. XLG MORTGAGE GROUP Services will confirm through FSRA that the Candidate is no longer employed by the previous Employer/Brokerage (if applicable), however the Candidate should formally notify their previous brokerage.
- 8) Employees will be subject to a probationary period for the first three months of employment.




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

The purpose of this probationary period is to provide a reasonable opportunity for assessment of the Employee's level of skill and knowledge relative to the requirements and responsibilities of the job and to assess the overall compatibility. It is also an opportunity for the Employee to determine overall suitability of the job for him/herself.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

During the probationary period, the Employee's performance will be evaluated and formally documented. Toward the end of the probationary period, a formal evaluation and review will be carried out with the purpose of recommending:

1. Continued employment with no restrictions;
2. Extension of the probationary period with reasons documented; or
3. Termination of employment.

11.3 Employee/Contractor Setup

Once a contract offer is accepted by a new Mortgage Broker/Agent, the following setup items will be arranged by/co-ordinated by our Brokerage's Administration Staff:

1. **FSRA Licence Application/Transfer** – We will process request for new licences for previous unlicensed applicants through FRSA or process a request for transfer for applicants that are currently licensed with another brokerage. For new Agents, the Brokerage will submit to FSRA for your license and charge your credit card for the application fee. Your official start date will be the date you are "Authorized to sell" with FSRA. Applicants that are licensed with another brokerage will be responsible to notify their current brokerage of their pending transfer and are responsible to ensure that they are not contractually obligated to stay with their current brokerage and /or pay any fees or penalties payable to their current brokerage for transferring.
2. **Application System Setup** – We will request, then provide you with any access required in order to access our mortgage application system.
3. **Orientation Process** – There are several of other documents, etc. that you will need to review (including this manual) prior to commencing work for XLG MORTGAGE GROUP. This will be provided you up upon being licensed with the Brokerage. Periodically, the Brokerage will hold orientation sessions for new Agents/ Brokers to the Brokerage. You are required to attend the first available session. Failure to do so without exemption from the Principal Broker will result in your access being suspended until such time that you attend an orientation session.

11.4 Errors & Omissions Insurance Coverage

XLG MORTGAGE GROUP will arrange errors and omissions coverage for you under our master policy as per FSRA Regulation (O. Reg. 408/07 s. 1, 2 & 3). This coverage is vitally important to you. Your cost of this insurance will be invoiced to you annually by the Brokerage.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

11.5 Mandatory HR Posting

The Ministry of Labour requires all employers to post the following posters or legislative documents in a conspicuous place at the workplace for all employees to see (e.g. lunch room or staff rest area). This is a mandatory requirement for all employers.

1. The Employment Standards Act Poster (V. 6.0) - This poster can be found on the Ministry of Labour website and needs to be printed on legal-size paper (<http://www.labour.gov.on.ca/english/es/pubs/poster.php>). This poster should also be given to all new employees.
2. Health & Safety at Work: Prevention Starts Here - A free copy of this poster can be found at http://www.labour.gov.on.ca/english/hs/pubs/poster_prevention.php#download.
3. Occupational Health & Safety Act - Employers are required to post a copy of the Occupational Health & Safety Act. The OHS Act may be downloaded from the following website: <https://www.ontario.ca/laws/statute/90o01>
4. XLG MORTGAGE GROUP Health & Safety Policy - Employers are required to post their own Health & Safety Policy which can be found in this Manual. Workplaces of 20 or more employees, a Joint Health & Safety Committee must be established and the names of committee members need to be posted.
5. XLG MORTGAGE GROUP Workplace Violence Policy - Employers are required to post their own policy on Workplace Violence which can be found in this Manual.
6. XLG MORTGAGE GROUP Workplace Harassment & Discrimination Policy - Employers are required to post their own policy on Workplace Harassment & Discrimination which can be found in this Manual.

11.6 Rest & Meal Breaks

In accordance with the Employment Standards Act, Ontario, all Employees must take a minimum of a thirty-minute rest/meal break no later than after five (5) consecutive working hours.

**This does not apply to Independent Contractors*

11.7 Statutory Holidays




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

XLG MORTGAGE GROUP observes the following statutory holidays for which Employees are paid:

- New Year's Day
- Good Friday



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

- Family Day
- Victoria Day
- Canada Day
- Labour Day
- Thanksgiving Day
- Christmas Day
- Boxing Day

Statutory holidays that follow on a Saturday or Sunday will be observed on a day specified by XLG MORTGAGE GROUP.

**This does not apply to Independent Contractors*

11.8 Vacation Time

Employees will receive paid vacation days as per their employment agreement with XLG MORTGAGE GROUP.

Vacation time requires the immediate supervisor/manager's approval and should be requested four (4) weeks in advance where possible.

**This does not apply to Independent Contractors*

11.9 Paid Sick Time

Employees will receive paid sick days as per their employment agreement with XLG MORTGAGE GROUP.

The Employee should notify their supervisor/manager at least 1 hour prior to the start of their workday if a sick day will be taken.

Should an Employee require more than 3 consecutive sick days, it is necessary that a medical note be provided to their supervisor/manager by the end of the third day. An Employee has a legal right to privacy and confidentiality; therefore there is not legal requirement for a diagnosis to be reported.

**This does not apply to Independent Contractors*

11.10 Leaves of Absence under the Employment Standards Act, Ontario

XLG MORTGAGE GROUP grants Employees leaves of absence in accordance with the Employment Standards Act, Ontario (ESA). Under the ESA, Employees have the right to take time off work, without pay,



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

for various reasons. Employees continue to accrue seniority during these leaves. These leaves of absence are job-protected provided the eligibility documentation is provided in accordance with the ESA. For more information, please visit the Ministry of Labour website. Leaves of absence under the ESA include:

- Pregnancy Leave
- Parental Leave
- Personal Emergency Leave
- Family Medical Leave
- Family Caregiver Leave
- Critically Ill Child Leave
- Crime-related Child Death or Disappearance Leave
- Reservist Leave

**This does not apply to Independent Contractors*

11.11 Bereavement Leave

XLG MORTGAGE GROUP grants a maximum of 3 days of paid leave in the event of a death of an Employee's immediate family member (spouse, common-law partner, parent, step-parent, child, stepchild, sibling, grandparent, mother-in-law, father-in-law, sister-in-law, or brother-in-law).

XLG MORTGAGE GROUP grants a maximum of 1 day of paid leave in the event of the death of another family member of the Employee (aunt, uncle, cousin, or other close loved one that is like family).

**This does not apply to Independent Contractors*

11.12 Performance Reviews

Performance reviews shall be completed towards the end of the probationary period and subsequently around the employment anniversary date. A review meeting will be held between the Employee and his/her manager/supervisor.

The Brokerage will conduct an Annual Performance Review with each Agent/ Broker. Agents/ Brokers will be required to meet upon request with the Principal Broker for their annual review of their performance.

This will be a formal meeting to review at least the following:

- 1) Knowledge development



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

2) Adherence to compliance requirements

3) Participation in the brokerage

4) Cooperation with the brokerage

5) Goal setting

The Employee and manager/supervisor shall both sign the review form which will then be kept in the confidential personnel file.

11.13 Human Resource File

The Brokerage will maintain a Human Resources File on each Agent/Broker which shall contain all contracts, attestation and other on boarding documents. Additionally, any disciplinary, coaching, and /or recognition documentation will be added to the Agent's/ Broker's HR File as applicable. The HR File shall be maintained with confidentiality and as such access will be limited to the Principal Broker and anyone designated to act in an administrative capacity for the Brokerage.

11.14 Performance Improvement & Disciplinary Process

It is the policy of XLG MORTGAGE GROUP that Employees and Independent Contractors are expected to fulfill their identified responsibilities and duties.

Management staff within the Brokerage may use performance improvement plans and/or corrective actions to support Employees and Independent Contractors that are not meeting their job expectations and/or not complying with policies and practices as set out in the Manual and by XLG MORTGAGE GROUP.

The goal of the Performance Improvement Plan or Corrective Action is to clearly identify the issue(s) and formulate a plan to facilitate improvements in job performance and/or policy compliance.

Corrective actions include verbal and written warnings. Written warnings may be given for more serious issues or as a consequence to not meeting expectations stipulated at a verbal warning stage. Warnings, both verbal and written, are documented and accompanied by a Performance Improvement Plan form. The forms shall indicate a reasonable opportunity to correct the issue in a prescribed period of time. These documents will be provided to the Employee and a copy will be kept in the confidential personnel file.

Consequences related to failure of meeting performance requirements in the prescribed period of time will be noted on the corrective action. A final written warning may be given to highlight the seriousness of the issue and the immediate need to improve performance. A final written warning will note that failure



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ 905-206-0090

📠 833-932-0012

to meet the requirement(s) in the defined time period will result in dismissal. The Principal Broker must approve, in advance, of a final written warning and must be present at the meeting where the final written warning is given.

There is no pre-set number of warnings required before a decision to terminate employment can be made. This would depend on the nature and severity of the specific problem under discussion. The decision to terminate employment will be approved by the Principal Broker.

11.15 Assistant's Policy

An Assistant can be an invaluable resource to a Mortgage Broker/Agent; helping you become more efficient, close more mortgage transactions, and earn a greater income. However, there are specific "Do's" and "Don'ts" when it comes to Mortgage Assistants – especially under the new regulatory framework. We have created this policy to help you find the right Assistant, and ensure the individual operates within the law and does not jeopardize your business.

1. **Duties** - It is imperative that the duties of the Mortgage Assistant stay specifically within the range of clerical, time management, and administrative tasks. Under no circumstances can a Mortgage Assistant take applications, answer questions about different mortgage products and services, or in any other way be seen to be either dealing or trading in mortgages. These questions must be directed by the Assistant back to the Mortgage Broker/Agent.
2. **Approval of Principal Broker** - It is the policy of XLG MORTGAGE GROUP that all unlicensed Mortgage Assistants be approved by the Principal Broker of the firm. This means that a full application should be taken from the individual in question, and provided to the Principal Broker along with a copy of the applicant's resume, etc. This allows XLG MORTGAGE GROUP' head office to create a file on this individual, showing that we have exercised proper due diligence to ensure this individual is suitable, poses no reasonable fraud risk, and will maintain the confidentiality and security of client information.
3. **Remuneration** - Any unlicensed Mortgage Assistants hired by Mortgage Brokers/Agents within our firm are hired directly by the Mortgage Broker/Agent themselves. Therefore, remuneration is the sole responsibility of the Mortgage Broker/Agent who hired the individual. Any licensed Mortgage Assistants are, by definition, Mortgage Agents and must be registered under this Brokerage. Any remuneration due to this Mortgage Assistant as a result of their own personal origination of mortgage business will be the responsibility of this brokerage; any remuneration for Mortgage Assistant duties will be the full responsibility of the Mortgage Broker/Agent who hired the individual.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

4. **Contracts** - When the new Mortgage Assistant has accepted the position, be sure to create and have your new hire sign an employment contract. This protects you and your database and clearly outlines the contractual obligations of each party involved. This Assistant will be your full responsibility so make sure you include everything in the contract that you need in order to



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

manage your business properly. Once you have completed a draft of the contract, submit it to the Principal Broker for review and approval.

11.16 Co-brokering Compensation

A Broker or Agent (or approved personal service corporation) contracted to XLG MORTGAGE GROUP may not receive remuneration from any other person or entity when dealing in the arranging or sale of mortgages. Failure to comply with this FSRA Regulation (O. Reg 187/08 s. 4) and brokerage rule will be grounds for immediate dismissal which may also lead to possible litigation and cancellation of your broker/agent license.

12.0 Privacy Policy

12.1 Overview

At XLG MORTGAGE GROUP, we respect the privacy of our Mortgage Brokers/Agents and we are committed to keeping your personal information accurate, confidential, secure and private. We have adopted the following Privacy Policy to ensure that we continue to meet our commitment to your privacy.

12.2 Introduction

We provide a variety of products and services to the public, including, but not limited to Mortgage Financing Services, Lease Financing Services, and Mortgage Life Insurance Services.

In the course of complying with the various financial regulations that apply to mortgage Brokering, we are required to collect, with your consent, certain personal information about you. “Personal Information” means information about an identifiable individual Broker/Agent. This may include, without limitation, your name, home address, email address, age, gender, income, personal preferences, and other information about you or your family.

Our Privacy Policy is based on, and complies with, Canada’s Personal Information Protection and Electronic Documents Act (“PIPEDA”), which includes the Ten Privacy Principles outlined in the Canadian Standards Association Model Code for the Protection of Personal Privacy. For more information about this legislation, you can visit the official website of the Privacy Commission of Canada at <http://www.priv.gc.ca>. Adherence to this policy is required of all contractors and Employees.

The Privacy Policy describes the ten principles that we follow to ensure that we protect your personal information when we collect, use or disclose it in the course of carrying on commercial activities in Canada. Any Employee or Contractor of XLG MORTGAGE GROUP who may have a need to access to your personal information must be knowledgeable of this Privacy Policy and adhere to the Privacy Policy and



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

related procedures. To this end, we have appointed a Privacy Officer (the Principal Broker of our Brokerage) to ensure compliance by all.

12.3 The Ten Principles of Privacy

The following Ten Principles govern our actions as they relate to the use of your personal information:

Principle 1 – Accountability

We are accountable for all personal information in our possession or custody, including personal information disclosed to third parties for purposes of providing services requested by you.

Principle 2 – Identifying Purposes

We will inform you of the purposes for which we are collecting any personal information, either before, or at the time the information is collected.

Principle 3 – Consent

We will obtain consent from you before or when we collect, use or disclose your personal information.

Principle 4 – Limiting Collection

The information collected will be limited to those details necessary for the purposes we have identified that relate to managing our relationship with you. Information will be collected by fair and lawful means.

Principle 5 – Limiting Use, Disclosure and Retention

Personal information will only be used or disclosed for the purpose for which it was collected unless you have otherwise consented, or when it is required or permitted by law.

In certain exceptional circumstances, we may have a legal duty or right to disclose personal information without your knowledge or consent with respect to matters that concern the company's or the public's interest.

Principle 6 – Accuracy

We will keep personal information as accurate, complete and current as necessary to fulfill the identified purposes for which it was collected. You may have this information amended where it is found to be inaccurate or incomplete.

Principle 7 – Safeguarding Personal Information

Personal information is safeguarded using measures appropriate to the sensitivity of the information. All personal records will be securely safeguarded to protect against theft and/or falsification of the information.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

Principle 8 – Openness

We will make information available to you about the Policies and Procedures we use to manage personal information.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

Principle 9 – Individual Access – Accessing and Amending Information

Upon written request, you will be informed of the existence, use and disclosure of your personal information, and will be given access to it. We will respond to such requests as efficiently as possible. If we are prohibited from providing such access, we will explain the reasons for the lack of access, except where prohibited by law.

Principle 10 – Addressing Complaints and Suggestions

You may challenge XLG MORTGAGE GROUP compliance with the Privacy Policy. We have policies and procedures to receive, investigate and respond to your complaints and questions. You may also contact our Privacy Officer to express any concerns or to request access to your personal information. The contact information for this individual is provided below.

12.4 Information We Typically Collect

The information we typically require includes:

- | | | | | |
|--------------------|----------------------------|-----------------|-------------|------------|
| 1. Name | 6. Date of Birth | | | |
| 2. Address | 7. Banking Information | | | |
| 3. Phone number(s) | 8. Personal Work History | 4. E-mail | 9. Personal | Background |
| Information | 5. Social Insurance Number | 10. Educational | Background | |

Additional information may be required from you for the purposes of your employment contract, independent contractor agreement, or to allow us to comply with the MBLAA, 2006 or other laws and regulations. You will be notified of what information is required and why we require it at the time it is requested.

12.5 How Your Information Is Used

At XLG MORTGAGE GROUP we use personal information for three general purposes:

- 1) To provide service or benefit providers the necessary information so they can accurately and cost effectively provide these services or benefits to you;
- 2) To assist you in facilitating your business as a Mortgage Broker/Agent;
- 3) To develop and manage our professional relationship with you.

We will only use personal information for the purposes that we have disclosed to you. If we wish to use your information for a different purpose, we will notify you and ask for your consent in advance.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

12.6 When Can We Disclose Your Personal Information?

We are obligated to keep your personal information confidential except under the following circumstances:

I. **When Authorized by You**

Many of the services offered by us require us to obtain personal information. We will use this information to tailor programs to meet your needs and objectives. We will always obtain consent from you first, and we will never use the information for purposes other than those we have told you. You may also withdraw your consent at any time, subject to any legal implications (which we will inform you about).

II. **When Required by Law**

In some cases, such as under a court order, we may be required to disclose certain information to persons specified in the court order. We will only provide the specific information requested and only upon being satisfied that the authorities have legitimate grounds to request the information.

III. **When Permitted by Law**

The legislation has provided certain situations where we are legally permitted to disclose personal information without your consent. Examples include situations involving the collection of debt in arrears, medical emergencies, or suspicion of illegal activities.

12.7 With Whom We May Share Your Information

i. **Employees**

In the course of daily operations, access to sensitive personal information is limited to those Employees or Contractors with our Brokerage that have a legitimate reason for accessing it. As a condition of their employment, our Employees are required to follow all applicable laws and regulations, including this Privacy Policy.

Unauthorized use or disclosure of confidential Client or Contractor information by one of our Employees is prohibited, and will result in disciplinary measures against the Employee who disclosed the information in an unauthorized manner.

ii. **Affiliates**

In order to better meet your needs, we may share some of your personal information with our affiliated companies. We will only do this with your express consent and you may withdraw this consent at any time. The procedure for withdrawing consent is outlined in Section 12.10 Opting Out.




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

iii. Third Party Suppliers

As you know, we engage and coordinate third party suppliers (Lenders) to provide you with services offered through this Brokerage.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

Such suppliers are only given the information that is needed to communicate with you directly about their products and services. Suppliers are contractually bound to protect the confidentiality of your personal information, and they are prohibited from doing anything with this information that we have not authorized them to do. They are required to treat your personal information in a manner consistent with our Privacy Policy.

iv. Sale of Business

We may transfer your personally identifiable information to a third party in connection with a sale, merger or other disposition (whether of assets, stock or otherwise) of our business.

12.8 How We Safeguard Information

XLG MORTGAGE GROUP has extensive controls in place to maintain the security of its information and information systems. Personnel files are stored according to the sensitivity of the information contained therein. Appropriate controls (such as restricted access) exist on our computer systems and form part of our data processing procedures.

Physical access to areas where your personal information is gathered, processed or stored is secured and limited to authorized Employees.

12.9 Accessing and Amending Your Information

You have the right to access the personal information we keep in your file and you have the right to verify or amend the information if it is shown to be inaccurate. If you would like to view the personal information held in your file, please make a written request to the Privacy Officer at the address listed below. We will respond to your request as quickly as possible.

To make a change to your personal information, please make a similar request in writing to the Privacy Officer.

Name: [Gaurav Behl](#)

Email: Gaurav@xlgmortgagegroup.com

12.10 Opting Out

In order to assist you in dealing with third party service providers, we may, with your consent, share your personal information with these and other affiliated companies. Should you not want relevant personal information shared with these companies, please contact the Privacy Officer directly. It should be noted that Opting Out may limit your access to systems, services, service providers, affiliates and partners that could affect your ability to operate within your role as a mortgage agent/ broker.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ 905-206-0090

📠 833-932-0012

To withdraw consent, please make a similar request in writing to the Privacy Officer.

Name: Gaurav Behl

Email: Gaurav@xlgmortgagegroup.com

12. 11 Questions, Concerns and Complaints

If you have any questions, concerns, or complaints about your personal information, or about our Privacy Policy, please contact our Privacy Officer.

13.0 Harassment /Non-discrimination Policy

13.1 Purpose

XLG MORTGAGE GROUP is committed to providing its Employees and Independent Contractors with a safe work environment, which at all times is supportive of the dignity and self-esteem of the individual and which is free of harassment of any kind.

XLG MORTGAGE GROUP considers harassment from all sources, including Clients and third parties that enter the workplace.

Achieving this safe environment depends on mutual respect, co-operation, and understanding between people. Attitudes and behaviours that undermine this are detrimental to all and will not be tolerated.

This policy applies to all Employees and Independent Contractors affiliated with XLG MORTGAGE GROUP. This policy also applies to any Independent Contractor, Mortgage Broker/Agent or Employee who is granted access to the workplace.

13.2 Definitions

“Harassment” as defined by the Ontario Human Rights Code, means “a course of comments or actions that are known, or ought reasonable to be known, to be unwelcome. It can involve words or actions that are known or should be known to be offensive, embarrassing, humiliating, demeaning or unwelcome, based on a ground of discrimination.”

“Discrimination” as defined by the Ontario Human Rights Code (*Code*), is “any form of unequal treatment based on a *Code* ground that results in disadvantage, whether imposing extra burdens or denying benefits. It may be intentional or unintentional. It may involve direct actions that are discriminatory on their face, or it may involve rules, practices or procedures that appear neutral, but have the effect of disadvantaging certain groups of people. It may be obvious, or it may occur in very subtle ways. Discrimination needs only to be one factor among many factors in a decision or action for a finding of



XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

discrimination to be made.”



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

Code grounds include age, race, gender, sexual orientation, skin color, religion, place of origin, ancestry, marital or family status, political belief, physical or mental disability, or criminal conviction.

“Sexual harassment” as defined by the Ontario Human Rights Code, is “unwelcome sexual contact and remarks, leering, inappropriate staring, unwelcome demands for dates, requests for sexual favours, spreading sexual rumours (including on-line) and displays of sexually offensive pictures or graffiti. The comments or conduct do not have to be sexual in nature. Someone may tease or bother you because of gender-based ideas about how men or women “should” look, dress or behave.”

“Workplace” is defined broadly and includes, but is not limited to, the actual work site (the office), sites outside of the office, and at office-related social functions.

13.3 Examples of Harassment or Discrimination

Behaviour which can constitute harassment or discrimination includes, but is not limited to, the following:

- Physical or verbal abuse;
- Sexually suggestive gestures, remarks or innuendoes;
- Inappropriate comments/jokes causing embarrassment;
- Insulting jokes, or slurs;
- Unwelcome touching, leering or staring;
- Inappropriate remarks about a person’s physical appearance;
- Comments about an individual’s sex life;
- Unnecessary physical contact;
- Demands or suggestions for sexual favours;
- Compromising invitations, propositions;
- Reprisal or threats of reprisal to any Employee for rejecting any of the above behaviour;
- Repeated offensive sexual flirtation, advances, or propositions;
- The display of or circulation of any inappropriate material or pictures in any format, either written, printed, or in any electronic form, via email, or stored on Brokerage computer equipment or the Internet.

13.4 Responding To Harassment

In many cases, harassment ceases as soon as the offender is told that their actions are inappropriate. If nothing is done, it generally gets worse. If you object to what you think is inappropriate behaviour and



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

feel you can handle this directly, here are some suggestions. In calm and firm tone of voice, confront the individual with words of similar meaning to the following:



XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

- 1) "Please stop" or "Stop immediately"
- 2) "I don't feel this is appropriate or professional behaviour"
- 3) "I don't appreciate hearing your comments and remarks"
- 4) "I find the material that you have displayed offensive"

13.5 Reporting Process

If you feel you have been victim to workplace harassment or discrimination, please notify the Principal Broker or Team Lead immediately.

If, in good faith, a worker witnesses or believes that another worker has been subject to workplace harassment or discrimination, the worker is required to report all of the facts of the incident immediately to the Principal Broker or Team Lead.

Complaints and witness statements must be made in writing and submitted to the Principal Broker or General Manager. All discussion of, or reports regarding, workplace harassment or violence will be treated in the strictest of confidence.

Management will investigate and deal with all concerns, complaints, or incidents of workplace harassment and discrimination in a fair and timely manner while respecting workers' privacy as much as possible, subject to the Brokerage's obligation to conduct a thorough investigation.

13.6 Responsibility

It is the responsibility of each person to ensure that these prohibited activities do not occur. Workplace harassment or discrimination is unpleasant and intimidating. It is essential that all Employees take the necessary steps to stop harassment or discrimination.

Managers are responsible for providing a harassment-free and discrimination-free work environment and, upon becoming aware that some form of harassment is occurring, for taking prompt, corrective action even if no formal complaint is made.

This policy is not intended to limit or constrain the reasonable exercise of management functions in the workplace including performance management and disciplinary measures.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

14.0 Accessibility

14.1 Statement of Commitment

XLG MORTGAGE GROUP is committed to treating all people in a way that respects, and allows them to maintain, their dignity and independence. We are committed to meeting the needs of our Clients with disabilities in a timely manner, and will do so by preventing and removing barriers to accessibility and meeting accessibility requirements under the Accessibility for Ontarians with Disabilities Act.

Our Clients with disabilities will have the same opportunity as others to benefit from the way XLG MORTGAGE GROUP provides products and service.

14.2 Training

XLG MORTGAGE GROUP is committed to training all staff, Brokers, and Agents on Ontario's accessibility laws and on accessibility aspects of the Ontario Human Rights Code that apply to persons with disabilities.

Training can be completed online at no cost. After completion of the training, all staff, Brokers, and Agents are required to complete the "Acknowledgement form" which will be kept in the personnel file.

- 1) Training regarding the different standards of the AODA: <http://www.accessforward.ca/>
- 2) Training regarding the AODA and the Human Rights Code as it applies to persons with disabilities: <http://www.ohrc.on.ca/en/learning/working-together-code-and-aoda>

14.3 Information & Communications

XLG MORTGAGE GROUP is committed to meeting the communication needs of people with disabilities. When asked, we will provide information and communication materials in accessible formats or with communication supports. This includes publicly available information about our products and services, as well as any publicly available office emergency and safety information.

XLG MORTGAGE GROUP will ensure any existing feedback processes, including the Client Complaint process, are accessible to people with disabilities upon request; this includes Clients and staff.

Accessible formats shall take into account the disability and may include printing material in a large font size, reading information aloud, and/or providing accessible electronic formats such as an HTML or MS Word document. The accessible formats and communication supports shall be provided in a timely manner and at no additional cost.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

14.4 Employment

XLG MORTGAGE GROUP is committed to fair and accessible employment practices and will accommodate people with disabilities to the point of undue hardship. We will notify the public and existing Employees that, when requested, we will accommodate disabilities during the recruitment and assessment processes. At the time of hire, we will notify the new Employee of our accessibility policies.

If needed, we will create an individual accommodation plan and workplace emergency plan for any Employee who has a disability. Our performance management, career development, redeployment, and return-to-work processes will take into account the accessibility needs of Employees with disabilities.

14.5 Design of Public Spaces

XLG MORTGAGE GROUP will meet the Accessibility Standards for the Design of Public Spaces when building new or making major modifications to public spaces. Public spaces include:

- ☐ Service-related elements like service counters and waiting areas;
- ☐ Outdoor paths of travel, like sidewalks, ramps, and stairs.

In the event of a service disruption, we will notify the public of the service disruption and alternatives available.

14.6 Modification to Other Policies

Any of our policies that do not respect and promote the dignity and independence of people with disabilities will be modified or removed.

15.0 Accessible Customer Service

XLG MORTGAGE GROUP is committed to excellence in serving all Clients including people with disabilities. Brokers, Agents, and Employees will carry out functions and responsibilities in the following areas:

15.1 Communication

We will communicate with people with disabilities in ways that take into account their disability. We will train all Employees, Brokers, Agents, independent contractors, and volunteers on how to interact and communicate with people with various types of disabilities.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

This includes communicating with Clients in person or over the telephone in plain language and speaking clearly and slowly. Employees, Brokers, and Agents will offer to communicate with Clients by email if verbal communication is not suitable to their communication needs.

15.2 Mortgage Documents

We are committed to providing accessible documents to all of our Clients. For this reason, documents will be provided in the following formats upon request: hard copy, large print, in a specific font style. We will answer any questions Clients may have about the content of the documentation in person, by telephone or e-mail.

15.3 Assistive Devices

We are committed to serving people with disabilities who use assistive devices to obtain, use, or benefit from our services. We will ensure that all of our Employees, Brokers, Agents, independent contractors, and volunteers are trained and familiar with various assistive devices that may be used by Clients with disabilities while accessing our services.

15.4 Use of Service Animals and Support Persons

We are committed to welcoming people with disabilities who are accompanied by a service animal on the parts of our premises that are open to the public. We will also ensure that all Employees, Brokers, Agents, independent contractors, and volunteers are properly trained in how to interact with people with disabilities who are accompanied by a service animal.

We are committed to welcoming people with disabilities who are accompanied by a support person. At no time will a person with a disability who is accompanied by a support person be prevented from having access to his or her support person while on our premises.

15.5 Notice of Temporary Disruption

XLG MORTGAGE GROUP will provide Clients with notice in the event of a planned or unexpected disruption in the facilities or services usually used by people with disabilities. This notice will include information about the reason for the disruption, its anticipated duration, and a description of alternative facilities or services, if available.

The notice will be placed at all public entrances and at reception on our premises.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

15.6 Training

Training will be provided on policies, practices, and procedures that affect the way services are provided to people with disabilities. This training will be provided within thirty (30) days of commencing at XLG MORTGAGE GROUP and on an ongoing basis when changes are made to these policies, practices and procedures.

XLG MORTGAGE GROUP will provide training to all staff including Brokers, Agents, independent contractors, Employees who deal with the public, or other third parties providing service on our behalf. Training will also be provided to all those who are involved in the development and approval of customer service policies, practices and procedures.

The training will include the following topics:

- The purposes of the Accessibility for Ontarians with Disabilities Act, 2005 and the requirements of the customer service standard;
- How to interact and communicate with people with various types of disabilities;
- How to interact with people with disabilities who use an assistive device or require the assistance of a service animal or a support person;
- What to do if a person with a disability is having difficulty in accessing XLG MORTGAGE GROUP' goods and services;
- XLG MORTGAGE GROUP' policies, practices and procedures relating to the customer service standard.

Training can be completed online no cost. After completion of the training, all staff, Brokers, and Agents are required to complete the "Acknowledgement form" which will be kept in the personnel file.

The online course is titled "Serve-ability: Transforming Ontario's Customer Service" and can be found at the following link: https://www.ocapdd.on.ca/Forms/Volunteer/SAE/HTML_Eng/index.html .

15.7 Feedback Process

The ultimate goal of XLG MORTGAGE GROUP is to meet and surpass expectations while serving Clients with disabilities. XLG MORTGAGE GROUP will inform its Clients with disabilities that comments on our services are welcome and appreciated.

Clients should be informed that feedback regarding the way XLG MORTGAGE GROUP provides goods and services to people with disabilities can be made by:



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

- Writing to Gaurav Behl, Principal Broker, 1-813 Dundas St W, Whitby Ontario L1N 2N6 during our regular business hours;



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

- E-mail to Gaurav Behl, Principal Broker, at Gaurav@xlgmortgagegroup.com ☐ Phone to Gaurav Behl, Principal Broker, at 905-857-5598

Clients that have submitted feedback can expect to hear back, in the format they prefer, within 20 business days from the Principal Broker.

15.8 Modifications to this or Other Policies

We are committed to developing customer service policies that respect and promote the dignity and independence of people with disabilities. Therefore, no changes will be made to this policy before considering the impact on people with disabilities.

Any policy of XLG MORTGAGE GROUP that does not respect and promote the dignity and independence of people with disabilities will be modified or removed.

This document is available in an accessible format upon request for the public.

16.0 Email & Electronic Messaging Usage Policy

16.1 Introduction

The purpose of this policy is to ensure the proper use of our internal email system and make users aware of what our firm deems as acceptable and unacceptable use of its email system. XLG MORTGAGE GROUP reserves the right to amend this policy at its discretion. In case of amendments, users will be informed appropriately.

16.2 Use of Brokerage Email

It is the policy that all email communications within the Brokerage and all between existing or potential clients be conducted on the Brokerages email server. Agents/Brokers are not permitted to use their own personal email to conduct mortgage related business. If found in violation of this a \$500 penalty will be imposed for each instance.

16.3 Legal and Reputational Risks

Email is a business communication tool and users are obliged to use this tool in a responsible, effective, and lawful manner. Although by its nature email seems to be less formal than other written



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

communication, the same laws apply. Therefore, it is important that users are aware of the legal and reputational risks of email:

- If you forward emails with any libelous, defamatory, offensive, racist, or obscene remarks, you and XLG MORTGAGE GROUP can be held liable;
- If you unlawfully forward confidential information, you and XLG MORTGAGE GROUP can be held liable;
- If you unlawfully forward or copy messages without permission, you and XLG MORTGAGE GROUP can be held liable for copyright infringement;
- If you send an attachment that contains a virus, you and XLG MORTGAGE GROUP can be held liable.

In addition, any of the above could lead to negative media coverage, which would damage your personal reputation, the reputation of XLG MORTGAGE GROUP, and the reputation of our industry in general.

By following the guidelines in this Policy, you can minimize the legal and reputational risks involved in the use of email.

If you disregard the rules set out in this Email Policy, you will be fully liable for your actions, and XLG MORTGAGE GROUP Service will disassociate itself from you as far as legally possible should there be any litigation or criminal action as a result. Failure to follow this Policy may result in disciplinary action up to, and including, dismissal from XLG MORTGAGE GROUP and termination of your contract.

16.4 Legal Requirements

The following rules are required by law and are to be strictly adhered to. It is prohibited to:

- Send or forward emails containing libelous, defamatory, offensive, racist, or obscene remarks;
- Send unsolicited email messages;
- Forge or attempt to forge email messages;
- Disguise or attempt to disguise your identity when sending mail;
- Send email messages using another person's email account;
- Copy a message or attachment belonging to another user without permission of the originator.

16.5 Best Practices

XLG MORTGAGE GROUP considers email an important means of communication and recognizes the




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

importance of proper email content and speedy replies in conveying a professional image and delivering good customer service. Users should take the same care in drafting an email as they would for any other communication. Therefore XLG MORTGAGE GROUP wishes users to adhere to the following guidelines:



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

16.5.1 Replying to emails

Emails should be answered within at least 8 working hours, but users should endeavour to answer priority emails within 4 hours;

Priority emails are emails from Customers and Business Partners, and the Brokerage / Principal Broker

16.5.2 Maintenance

Delete any email messages that you do not need to have a copy of, and set your email settings to not leave a copy of the email message on the server.

16.5.3 Confidential Information

Email is not a secure medium, meaning it can be easily compromised or read by third parties in transport. As a general rule, sensitive or confidential information should not be sent by email. However, if there are circumstances where you must, please follow this procedure:

Place the information in the form of a document using your word processor (e.g. Microsoft Word) or in Portable Document Format (PDF). Both of these formats have the option to protect the document with passwords.

If the information is in the form of scanned documents, use a program such as WinZip or WinRar to compress (.zip or .rar) your files, and add a security password to the compressed file.

Contact the other party and give them the password. Passwords should never be sent to the recipient via email; instead, they should be sent via other means (preferably verbally over the telephone). This ensures the locked document and the password can only be combined by the intended recipient.

16.6 Encryption

Users may not encrypt any emails without obtaining written permission from the Brokerage. If approved, the encryption key(s) must be made known to the company.

16.7 Email Accounts

All email accounts maintained on our email systems are the property of XLG MORTGAGE GROUP. Passwords should not be given to other people and should be changed once a month. **Email accounts not used for 60 days will be deactivated, and could face deletion from our email system. A reactivation fee will apply.**



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ 905-206-0090

📠 833-932-0012

16.8 System Monitoring

Users expressly waive any right of privacy in anything they create, store, send, or receive on the Brokerage's computer system. XLG MORTGAGE GROUP can, but is not obliged to, monitor emails without prior notification. If there is evidence that you are not adhering to the guidelines set out in this policy, XLG MORTGAGE GROUP reserves the right to take disciplinary action, including termination and/or legal action.

16.9 Email Signature

All email signatures must contain the Brokerage's name and License number and must be as predominately displayed with the rest of the signature. This is required as email can be considered Public Relations Material and as such must conform to the requirement to clearly identify the Brokerage and the Brokerage's license. This policy also applies to emails being sent from cell phones, tablets, Webmail access, personal computers etc. and across all email software such as Customer Relationship Management (CRM) software or mass mailing software as such as MailChimp. If found in violation of this, a penalty of \$1,000 per instance will be imposed and the Agent/Broker will immediately correct this and provide confirmation to the Principal Broker.

16.10 Disclaimer

It is the policy of the Brokerage that all emails have the following disclaimer included:

CONFIDENTIALITY NOTICE: The contents of this email message and any attachments are intended solely for the addressee(s) and may contain confidential and/or privileged information and may be legally protected from disclosure. If you are not the intended recipient of this message or their agent, or if this message has been addressed to you in error, please immediately alert the sender by reply email and then delete this message and any attachments. If you are not the intended recipient, you are hereby notified that any use, dissemination, copying, or storage of this message or its attachments is strictly prohibited.

It is required that this disclaimer be included as part of your signature to ensure compliance with this policy. Failure to comply with this policy will result in a penalty of \$1,000 per instance being imposed on the Agent/ Broker.

16.11 Canada's Anti-Spam Legislation

Agents/ Brokers are required to abide by the requirements under Canada's Anti-Spam Legislation (CASL)




XLG Mortgage Group

 **info@xlgmortgagegroup.com**

 **www.xlgmortgagegroup.com**

 **905-206-0090**

 **833-932-0012**

when contacting potential clients. You are required to include an “unsubscribe” option in all mass marketing emails even if you have explicit consent from the contact. You can obtain more information about CASL at <https://crtc.gc.ca/eng/internet/anti.htm>



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

Agents/ Brokers are responsible for all penalties imposed for violation CASL requirements and any penalties imposed on the Brokerage as a result will be passed on to the Agent/Broker.

16.12 Other Electronic Messaging

Agents/ Brokers shall not use text messaging (SMS) and instant messaging (i.e. WhatsApp) for communicating critical or sensitive client information and/or mortgage related information.

Additionally, the Brokerage does not consider text messaging or instant messaging a formal method of business communications, therefore Agents/ Brokers shall refrain from contact the Principal Broker, management or staff via these methods of any business-related matters.

17.0 Complaints Policy

17.1 Introduction

No matter how hard we try to do the best we can for our Clients, there will always be those occasional situations where Clients are simply not happy with their experience of acquiring a mortgage through our Brokerage. This policy exists for two reasons:

- ☐ To ensure we meet the needs and expectations of our Clients when responding to their concerns;
- ☐ To comply with the MBLAA, 2006 and its Regulations (O. Reg. 188/08 s.41).

17.2 Definition of Complaint

It is important to define what we mean by “Complaint” in this policy. During the course of interactions with Clients (defined as either an Investor or Borrower), Mortgage Brokers/Agents should strive to communicate effectively at all times, and ensure proper notes are taken regarding conversations with Clients to avoid confusion at a later date. Issues will arise, and most of these will usually be dealt with during your interactions with the Client directly.

If, however, a situation arises where the Client remains unhappy, and states that they wish to lodge a complaint (or “speak to your Boss/Manager/Broker” etc.) then the following policy applies.

In accordance with Section 14.3, XLG MORTGAGE GROUP shall provide communication supports or accessible formats to Clients with disabilities who wish to lodge a complaint.

17.3 Complaints Officer



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

The Brokerage shall designate a Complaints Officer to receive, and attempt to resolve, complaints from the public. If no one is designated, the responsibility will default to the Principal Broker. All complaints shall be brought to the Complaints Officer immediately.

17.4 Registration of Complaint

Upon notification by the client that they wish to file a complaint, you must escalate the situation to the Complaints Officer. Should the Client wish to deal directly with the Complaints Officer, provide their contact information to the Complaints Officer or, if the Client insists, provide the Client with the name of the Complaints Officer and provide the following information to the client:

- XLG MORTGAGE GROUP' telephone number
- XLG MORTGAGE GROUP' mailing address
- The email address of our Principal Broker

17.5 Processing of Complaint

Upon receipt of a complaint from a Client, the Complaints Officer will take immediate action to investigate. Should the complaint relate to a completed file, the Complaints Officer will pull existing documentation on file with our Brokerage. The Complaints Officer will review the documentation, and then forward the complaint to the specific Mortgage Broker/Agent for comment. Should the complaint relate to a file in progress, the Complaints Officer will immediately contact the Mortgage Broker/Agent responsible for the file and forward the complaint for comment.

Should the Mortgage Broker/Agent responsible for the file not be forthcoming in dealing with the matter, the Complaints Officer will take all reasonable steps to deal with the matter.

Should the complaint relate to an issue relating to the Mortgage Brokerage, Lenders, and Administrators Act, 2006 or its Regulations, all efforts will be made to determine if the transaction was in compliance with these rules of conduct for our industry. If a breach of the legislation is discovered, remedial action will be taken immediately.

Should the complaint be of such a nature that a claim against our Brokerage's errors and omissions insurance policy is possible, the Complaints Officer will notify the Insurer of the potential claim immediately.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

17.6 Response Process – Verbal Complaints

The Complaints Officer will respond to a Client verbally regarding any complaint within 48 hours of receipt. Communication supports or other accessible formats shall be provided to Clients with disabilities, according to their specific requested need.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

If the Client remains agreeable to this process, then the Complaints Officer will continue to report to the Client as is reasonable given the circumstances of the complaint.

Should the complaint remain unresolved in the mind of the Client, the Complaints Officer will advise the Client to document their complaint and forward it directly to the Complaints Officer in writing, via letter mail or email if possible. If requested by a Client with a disability, another method of lodging the complaint will be accommodated with communication supports where needed.

17.7 Response Process – Written Complaints

The Complaints Officer will respond to Clients verbally regarding any complaint within 48 hours of receipt, and will follow up with a written response as quickly as reasonable under the circumstances (and allowing for proper investigation).

Any written response must also tell the Client who made the complaint that, if they are not satisfied with the proposed resolution and if the Client believes that the complaint relates to a contravention of the Act or a regulation, the Client may refer the complaint to the CEO of the Financial Services Commission of Ontario. A copy of the official FSRA Mortgage Business Activity Complaint Form must also be included with any written response.

At no time will any of XLG MORTGAGE GROUP' Mortgage Brokers/Agents respond directly to a written complaint. Written complaints must be forwarded immediately to the Complaints Officer. All responses to written complaints must come directly from the Complaints Officer.

17.8 Documentation Requirements

XLG MORTGAGE GROUP will keep a record of all written complaints received from the public, and all written responses from the brokerage in accordance with proper file handling. All complaints must be logged in the Brokerages Operations and Supervisory Binder.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

18.0 Internet & Computer Usage Policy

18.1 Introduction

The purpose of this policy is to ensure the proper use of our various computer and connectivity systems, and make users aware of what XLG MORTGAGE GROUP deems as acceptable and unacceptable use of these systems.

18.2 User Hardware Connectivity to Our Brokerage Systems

Any laptop or other device you wish to use to connect to the Internet or local printers in our offices must be handed over to our IT department or Principal Broker for proper setup and configuration.

18.3 Anti-Virus Software Policy

XLG MORTGAGE GROUP must endeavour to maintain a secure and virus-free network, due to the level of damage that can be done to our network and individual computers. By increasing our network security, we can avoid serious infection of our network.

In an effort to help protect not only the office system, but your own system as well, any computer currently located in the office, or any computer brought into the office, must have an anti-virus software system installed and actively running before the computer can be connected to the network. We recommend AVG or Norton as the program of choice, but there are many other reliable programs available. We also require that whatever anti-virus program you are using must be kept updated.

All computer systems must be available for these periodic checks. If any system has passwords you will be asked to make yourself available to allow IT Department staff or Principal Broker access to your computer, or you can provide your password(s) to the IT Department or Principal Broker. All passwords will be kept strictly confidential and will only be used for the purpose of the aforementioned anti-virus software evaluation.

18.4 User Responsibility

Individuals must conduct themselves honestly and appropriately on the Internet, and respect the copyrights, software licensing rules, property rights and privacy of others. Any communication, in which our Brokerage's communication systems are used, including correspondence such as email, constitutes our Brokerage's property. These communication systems are to only be used for legitimate businessrelated purposes in accordance with these Policies.




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

XLG MORTGAGE GROUP' computer and communication systems are not for unauthorized use. Any unauthorized use of the XLG MORTGAGE GROUP' computer or communication systems is strictly prohibited. XLG MORTGAGE GROUP also maintains the right to monitor Internet and email usage at any



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

time, and to view any and all files that have been downloaded via these systems, on both personal and Company computer systems. Our Brokerage has access, through our infrastructure, to the browsing history, download history, and software inventory contained on any computer system owned by us.

Providing you with reliable Internet access represents a considerable investment in telecommunications, software, storage, and computers. We want to be very clear on what we consider appropriate and inappropriate use of these tools in the Brokerage. By following the guidelines in this policy, the Internet user can minimize the legal risks involved in the use of the Internet. If any user disregards the rules set out in this Internet Policy, the user will be fully liable and XLG MORTGAGE GROUP will disassociate itself from the user as far as legally possible.

18.5 Best Practices

XLG MORTGAGE GROUP provides Internet service for Mortgage Agents/Brokers and Employees, and, in some cases, computers, electronic data storage, and other electronic devices and services. It is the responsibility of every individual to ensure our Brokerage's communication systems are used for authorized business purposes only, in accordance with these policies.

Due to the nature of our business, we are entrusted with highly sensitive and confidential financial information belonging to our Clients that, in the wrong hands, could be used for the purposes of fraud or identity theft. Therefore, we must be vigilant in ensuring our systems are only used in a manner that does not improperly disclose confidential, sensitive, or proprietary information to unauthorized individuals or in any way violates federal, provincial, or local laws. XLG MORTGAGE GROUP also wishes to protect our computer systems from attack by "worms" and "viruses" by severely restricting the use of our computers for the purposes of accessing personal email accounts, instant messaging services, blogs, social networking, and other websites.

18.6 Authorized Use

The following activities are considered appropriate use of Internet services provided by XLG MORTGAGE GROUP:

- Communicating with colleagues, customers, prospects, and suppliers regarding business matters;
- Researching topics relevant to your specific business requirements;
- Conducting other business activities that are directly relevant to your specific business requirements or productivity; and
- Accessing the Internet from the Company-owned network for personal emergency use.

When using our resources, please remember:



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

- All existing Brokerage Policies apply to your conduct on the Internet, especially those that deal with property protection, privacy, misuse of resources, harassment, information, and data security.
- Consideration for other users should be shown by not monopolizing system resources and adhering to the security measures that have been put in place to maintain system integrity.

Upon the termination of employment of a Broker/Agent for whatever reason, XLG MORTGAGE GROUP will immediately cancel access by said Broker/Agent to any and all electronic delivery systems (Filogix, MortgageBoss etc.), any credit reporting agencies, and any other applicable systems storing Client files past and present.

18.7 Unauthorized Use

Although this list is not exhaustive, the following activities are considered prohibited:

- Transmission of "chain" or any other offensive, potentially harassing, or threatening emails;
- Any use of the Internet for illegal activities, or to transmit SPAM;
- Disabling or circumventing security measures put in place by XLG MORTGAGE GROUP such as firewalls, authorization, virus protection, etc. and thereby putting the Brokerage's computers and information at risk;
- Visiting sites that are considered inappropriate, pornographic, or "obscene". If you connect unintentionally to a site that contains sexually explicit or offensive material, you must disconnect from it immediately.

You should be aware that when access is accomplished using Internet addresses and domain names registered to XLG MORTGAGE GROUP, any data transmitted will be perceived by others as belonging to XLG MORTGAGE GROUP. Therefore, you are strongly advised not to use the Internet for any purpose that would reflect negatively on the Company.

Special care is required when participating in chat room, newsgroup, blogs, instant messaging, and email communications. Only those authorized to speak to media, analysts, or in public gatherings on behalf of our Brokerage are allowed to speak officially in the name of our firm to any broadcast or internet media. You should never consider ANYTHING sent on the Internet, posted to a blog, transmitted via instant message, or posted to a social networking site as private. NEVER post or transmit information that is confidential to our Brokerage, or proprietary regarding our products, markets, or business strategy.

18.8 Downloading/Uploading Software Images




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

Specific policies regarding the downloading/uploading of software and images, and one's general conduct while using Company Internet resources are:

- Downloading or distributing pirated software or data is prohibited;



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

- Ensure all legal/authorized software downloaded from the Internet via our systems is of a businessessential nature;
- Downloading entertainment software or games, or playing games against opponents over the Internet using our systems is not permitted;
- Downloading images or videos, unless there is an explicit business-related use for the material, is not permitted;
- You may not upload any software licensed to the Brokerage or data owned or licensed by the Brokerage without appropriate authorization;
- All downloaded files must first be scanned for possible virus infection;
- Any user who tries to override our security measures will be subject to legal measures;
- Honestly disclose who you are when you send email, register accounts, or conduct other Internet transactions;
- Display of any kind of sexually explicit image or document on any Brokerage system is a violation of our policy on sexual harassment. Sexually explicit material may not be archived, stored, distributed, edited, or recorded using XLG MORTGAGE GROUP' network or computing resources;
- You must keep your user ID and password information confidential;
- You may not connect your own modem to the network without proper authorization from IT or the Principal Broker;
- You must disclosure to the brokerage all devices that you are intending to connect to the networks and get approval prior to doing so.

18.9 Two Factor Authentication (2FA)

Two Factor Authentication is quickly becoming the standard requirement as an additional security measure to prevent hacking and data breaches. As such, any systems or software that XLG MORTGAGE GROUP uses that has the ability for Two Factor Authentication shall have it implemented. Agents / Brokers will take all steps provided by the Brokerage to ensure Two Factor Authentication is setup and shall not do anything to remove or circumvent it. Any contravention of this requirement will result in a \$5,000 penalty per instance and the Agent/ Broker shall immediately rectify the issue.

18.10 Blogging

“Blogging” is defined as a Website that contains dated entries in reverse chronological order (most recent first) about a particular topic (i.e. “Web Log”). Functioning as an online journal, blogs can be written by one person or a group of contributors. Entries contain commentary and links to other websites.

- Never blog about internal Brokerage matters;
- Do not use XLG MORTGAGE GROUP' systems to create or set up blogs;
- If you are blogging about your business, you must follow all of our Brokerage's Policies and Procedures as contained in this Manual;



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ 905-206-0090

📠 833-932-0012

- Blogs and other forms of online discourse are individual interactions and are not company communications. Individuals are personally responsible for their posts. Be mindful that what you write could be around and in the public domain **forever**. Consider ANY blog post as something you are broadcasting to the world, and govern yourself accordingly;
- Identify yourself. In addition, write in the first person. You must make it clear that you are speaking for yourself and not on behalf of XLG MORTGAGE GROUP;
- If you publish a blog or post to a blog and it has something to do with the work you do or subjects associated with Brokerage, use the following disclaimer in a clear and obvious location on your blog page: ***“The postings on this site are my own and do not necessarily represent the positions, strategies or opinions of XLG MORTGAGE GROUP”***;
- You must comply with copyright, fair use, and financial disclosure laws at all times;
- Do not name, cite, or reference Clients, Partners, or Suppliers;
- Use your best judgment. There are always consequences to what you write. If you are about to post something that makes you even the slightest bit uncomfortable, review the suggestions above and think about why that is. You have sole responsibility for what you choose to post to your blog.

18.11 Questions

If you have any questions or comments about this Policy, please contact the Principal Broker directly. If you do not have any questions, our Brokerage presumes that you understand and are aware of the rules and guidelines in this Policy and will adhere to them.

18.12 Declaration

All XLG MORTGAGE GROUP’ Mortgage Brokers/Agents, Employees, or other Contractors that are in any way doing business under XLG MORTGAGE GROUP’ name or brand will comply with the guidelines set out in this Policy. Failure to do so may result in disciplinary action up to and including dismissal or termination of your contract, and may also lead to legal action against you.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

19.0 Policy on Workplace Violence

19.1 Introduction

We are committed to maintaining a work environment free from violence, threats of violence, bullying, intimidation, and other disruptive behaviour. No one should ever feel threatened or unsafe while on our premises.

19.2 Definitions

The Occupational Health and Safety Act provide the following definitions.

“Workplace violence” is:

- a) The exercise of physical force by a person against a worker in a workplace that causes or could cause physical injury to the worker;
- b) An attempt to exercise physical force against a worker in a workplace that could cause physical injury to the worker;
- c) A statement or behaviour that is reasonable for a worker to interpret as a threat to exercise physical force against a worker, in a workplace, that could cause physical injury to the worker.

Examples of workplace violence are:

- shaking of fists;
- throwing of objects;
- swearing and insults;
- shoving;
- pinching;
- verbal threats of violence;
- threatening notes or emails.

Workplace violence also includes “domestic violence”. If an employer becomes aware, or ought reasonably to be aware, that physical injury due to domestic violence may occur in the workplace, the employer shall take every precaution reasonable in the circumstances for the protection of the worker.

19.3 Policy

This policy applies to all who work for the Brokerage including Independent Contractors. It also applies to all environments where business and business-related events and activities take place.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

Anyone who engages in workplace violence or harassment, as per the definitions above, will be immediately removed from the premises and may be subject to disciplinary action, which could include termination, and possible criminal charges.

However, if XLG MORTGAGE GROUP finds that a claim of workplace violence was made in bad faith, we will take disciplinary action against the person who made the bad faith claim, up to, and including, termination of employment or contract.

Retaliation against a worker who has made a complaint or witness statement will not be tolerated. Any form of retaliation will be treated as a form of harassment.

19.4 The Process

We all have a responsibility to prevent violence and harassment at the workplace.

If you feel unsafe or threatened while at work, please notify the Principal Broker or General Manager immediately. All concerns, regardless of severity, will be handled fairly, impartially, and promptly.

If, in good faith, a worker witnesses or believes that another worker has been subject to workplace violence or harassment, including possible domestic violence at the workplace, the worker is required to report all of the facts of the incident immediately to the Principal Broker or Team Lead.

Complaints and witness statements must be made in writing and submitted to the Principal Broker or Team Lead. All discussion of, or reports regarding, workplace harassment or violence will be treated in the strictest of confidence. In some circumstances, this confidence may be breached to ensure safety of all. Bill 168 of the Occupational Health and Safety Act requires employers to disclose only necessary information to protect Employees and ensure no further act of violence is taken.

20.0 Health & Safety

20.1 Statement of Commitment

XLG MORTGAGE GROUP is committed to promoting a safe and healthy workplace for its Employees, Brokers, Agents, and Independent Contractors, otherwise known as “workers.” It is the responsibility of every worker to protect his or her own health and safety by working in compliance with the Occupational Health and Safety Act and the safe work practices and procedures of the Brokerage.

20.2 Roles & Responsibilities

The Principal Broker will ensure that XLG MORTGAGE GROUP complies with the Occupational Health and



XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

Safety Act and will take a leadership role in providing a safe and healthy work environment.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

Management will be held accountable for the health and safety of those workers under their supervision. They are responsible for various duties such as ensuring that safe work practices and procedures are adhered to.

All workers will receive information, training, and competent supervision in their specific work tasks to protect their health and safety. Workers will notify their supervisors immediately of any safety hazard and have the right to refuse work they believe to be unsafe.

20.3 Health & Safety Awareness Training

All workers are required to complete Health and Safety Awareness training. This training can be completed online or in a booklet format at no cost. The certificate of completion of training is required to be kept in the personnel file.

For non-supervisory staff:

The online training must be completed in one sitting as you cannot save the information. Please print off the certificate page when you reach the end and return to the Principal Broker for your personnel file.

<http://www.labour.gov.on.ca/english/hs/elearn/worker/index.php>

For supervisory staff:

The online training must be completed in one sitting as you cannot save the information. Please print off the certificate page when you reach the end and return to the Principal Broker for your personnel file.

<http://www.labour.gov.on.ca/english/hs/elearn/supervisor/index.php>

It is in the best interest of all to consider the health and safety of the workplace and in every activity.

*NOTE: Brokerages with 6-19 workers are required to have a Health & Safety Representative. Brokerages with 20 or more workers are required to have a Joint Health & Safety Committee.

21.0 Office Co-operation and Professional Conduct

21.1 Introduction

It seems simple, but it bears repeating: Treat other people the way you wish to be treated. You should always follow the Golden Rule. Nothing less than full office co-operation and professional conduct will be expected and/or tolerated.

21.2 Professional Courtesy



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📞 **833-932-0012**

It is important that not only do we respect the privacy of others within the office, but also that we respect the fact that we all need each other and we are all members of the same team.

Helping each other can only benefit us all in the long run to achieve a happier and more prosperous future.

This is the true nature of professional courtesy, a practice that is expected by every Employee or Independent Contractor with our Brokerage.

21.2 Examples of Professional Courtesy

A Client mentions they are “already dealing with Broker or Agent in your office.” You should tell them that you are sure that person will do a very good job for them and move on to the next opportunity. This does not refer to previous Clients, in order to be “already dealing” it is required that a current file is in process.

You run into a Client who indicates that they are unhappy with the service they are receiving from someone else in the office. You should not engage in a discussion with the Client about this situation, but should respectfully decline to comment. You should then immediately communicate this conversation with the Associate involved or with the Principal Broker so that the situation may be dealt with promptly.

Remember - Communication is the key to a productive and healthy working environment.

22.0 Conflict Resolution

22.1 Introduction

From time to time, conflicts will arise between Mortgage Brokers/Agents or Employees. This procedure is intended to inform you of the standard guidelines that will be followed by the management team of XLG MORTGAGE GROUP in order to resolve these issues promptly.

22.2 Process

The procedure for resolving a conflict is as follows:

The Principal Broker will listen privately to each person’s description of what led to the conflict. The Principal Broker and individuals involved will then discuss the situation that resulted in the conflict in an effort to reach a fair and satisfactory resolution for all parties involved. If the parties cannot reach a




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

resolution that is fair and satisfactory, the Principal Broker shall determine the resolution. In the event that any or all parties refuses to abide by the Principal Broker's decision then an arbitration process will be implemented as per the next section.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

22.3 Arbitration

In the event that any or all parties refuse to abide by a resolution decision made by the Principal Broker, an Arbitration Committee will be appointed. The Committee will consist of each party selecting one Arbitrator of their choice, and a third individual selected by the two chosen Arbitrators. The Arbitration Committee will hear each side and make a decision that will be binding on all parties.

22.4 Arbitration Guidelines

By their very nature, all disputes involve individual factors and circumstances. While guidelines can help avoid disputes, they cannot possibly take into account all of the factors involved in each particular dispute. Consequently, each dispute must be measured on its own merits. Your role is to find a fair and just resolution that maintains office policy. Please see the office policy above regarding “Office CoOperation and Professional Conduct”.

23.0 Employment Separation

23.1 Ongoing Review

All Agents/ Brokers are subject to an on-going review process every 30 days at the discretion of the Principal Broker.

23.2 Voluntary Separation

Employees, assistants, brokers, and agents are asked to provide the Principal Broker with written notice of resignation. Where possible, it is expected that notice of resignation is provided a minimum of two weeks in advance of the expected last day of employment for non-independent contractors.

Independent contractors are required to provide 30 days written notice. Failure to do so will result in a penalty as indicated in Appendix B – Brokerage Fee Schedule.

If an Agent/ Broker terminates their agreement prior to 2 years and/ or does not fund at least 10 deal, fees will be imposed as outline in Appendix B – Brokerage Fee Schedule.

If an Agent/ Broker resigns from XLG MORTGAGE GROUP under false pretenses, such as resigning to leave the industry for any amount of time but instead joins another brokerage, a \$2,500 fee will be charge and your actions will be reported to FSRA.

23.3 Involuntary Separation



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

Employees, assistants, agents, and brokers not able to meet performance or policy expectations will be given an opportunity to improve performance/behaviour. Please see Section 11.14 for more information on Performance Improvement Plans and Corrective Actions/Warnings. When all attempts to improve the performance or correct the behaviour within the prescribed period of time have failed, a decision to terminate employment can be made by the Principal Broker.

Not-for-cause termination of the employment relationship with employees, initiated by XLG MORTGAGE GROUP, shall be consistent with all applicable employment legislation.

Notice of termination, or pay in lieu thereof, in addition to severance pay where applicable, will be provided by XLG MORTGAGE GROUP in accordance with the Employment Standards Act, Ontario, for all who fall under definition of “employee”. Independent Contractors will have their contracts terminated according to the terms and conditions of their agreement with XLG MORTGAGE GROUP.

An exception to this practice is termination for cause. Conduct claimed by XLG MORTGAGE GROUP to be cause must be a single act, omission, or series of acts/omissions to be:

- “fundamentally inconsistent with the employee’s or agent/ broker’s obligations to the employer; or
- substantially prejudicial to the employer’s business such that the employee’s or agent/broker’s conduct causes damage to the employer’s business or reputation or causes harm to the employer’s customers”¹

The following are examples which may constitute for-cause termination:

- willful contravention of the MBLAA 2006 and its associated Rules & Regulations;
- guilty of theft or fraud;
- guilty of willful misconduct and disobedience to XLG MORTGAGE GROUP’ policies and rules; ☐
guilty of workplace harassment or violence;
- acts deemed criminal;
- conduct unbecoming;
- breach of terms on their employment or agent/ broker agreement; ☐ breach of the requirements in this manual.

Employers are not obligated to provide notice, pay in lieu of notice, or severance, when cause is found to exist.

For Agents/ Brokers, the Brokerage can terminate their position without cause by providing 30 days written notice.



XLG Mortgage Group

 **info@xlgmortgagegroup.com**

 **www.xlgmortgagegroup.com**

 **905-206-0090**

 **833-932-0012**

¹ <http://www.minkenemploymentlawyers.com/employment-law-issues/termination-for-cause-hard-to-prove/>



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 **905-206-0090**

📠 **833-932-0012**

23.4 Cessation of Employment

Upon cessation of employment, XLG MORTGAGE GROUP will terminate the Broker/Agents access to all electronic services such as: Equifax, TransUnion, Filogix, MortgageBoss, etc.

The Brokerage shall also notify FSRA of the change of employment. Or if deemed, that the Broker/Agent is not suitable to be licensed.

Agents/ Brokers must within 14 days of termination complete the following:

- Destroy or deliver up as instructed by XLG MORTGAGE GROUP, all promotional materials bearing the XLG MORTGAGE GROUP Trade-marks, or any name or mark confusingly similar thereto, including, without limitation, any and all business cards, pamphlets, forms, advertisements, brochures, letterhead, and signage.
- Remove all references to the XLG MORTGAGE GROUP Trademarks, or any name or mark confusingly similar thereto, from any website which You operate or control, and You must require that third party websites or electronic media remove any item(s) indicating that You represent XLG MORTGAGE GROUP or any XLG MORTGAGE GROUP products or service, or suggesting that You are in any way affiliated with, or sponsored by, XLG MORTGAGE GROUP;
- Cease all use of all XLG MORTGAGE GROUP Trade Marks and XLG MORTGAGE GROUP Domain Names, be it as an internet address, as part of an email address, in any promotional materials, or otherwise, and You agree that You will not register or use any domain name, in any manner whatsoever, that contains, or is comprised of any XLG MORTGAGE GROUP Trade-mark, or any name or mark confusingly similar thereto, at any time in the future;
- Return to XLG MORTGAGE GROUP any and all property of XLG MORTGAGE GROUP (whether in electronic or hard copy form) including without limitation any other property which has been leased or rented by XLG MORTGAGE GROUP for use by You;
- Take all reasonable steps required by XLG MORTGAGE GROUP to assist in the orderly transfer of the information, documentation, files and other property of XLG MORTGAGE GROUP in Your possession.




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

24.0 Brokerage Forms

Copies of the forms used in the on-going and general operations within the brokerage can be found in the Policy and Procedures Manual Supplemental 2 document.



XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

25.0 Acknowledgement & Agreement

This manual outlines the policies and expectations of XLG MORTGAGE GROUP. All employees, agents, brokers, assistants, and independent contractors are required to read, understand, and agree to the policies contained herein. Any questions regarding the content of this Manual should be brought to the Principal Broker.



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

Appendix A - Designated classes of lenders and investors

2. (1) For the purposes of this Regulation, a person or entity is a member of a designated class of lenders and investors if the person or entity is a member of any of the following classes:

1. *The Crown in right of Ontario, Canada or any province or territory of Canada.*
2. *A brokerage acting on its own behalf.*
3. *A financial institution.*
4. *A corporation that is a subsidiary of a person or entity described in paragraph 1, 2 or 3.*
5. *A corporation that is an approved lender under the National Housing Act (Canada).*
6. *An administrator or trustee of a registered pension plan within the meaning of subsection 248 (1) of the Income Tax Act (Canada).*
7. *A person or entity who is registered as an adviser or dealer under the Securities Act when the person or entity is acting as a principal or as an agent or trustee for accounts that are fully managed by the person or entity.*
8. *A person or entity who is registered under securities legislation in another province or territory of Canada with a status comparable to that described in paragraph 7 when the person or entity is acting as a principal or as an agent or trustee for accounts that are fully managed by the person or entity.*
9. *A person or entity, other than an individual, who has net assets of at least \$5 million as reflected in its most recently prepared financial statements and who provides written confirmation of this to the brokerage.*
10. *An individual who, alone or together with his or her spouse, has net assets of at least \$5 million and who provides written confirmation of this to the brokerage.*
11. *An individual who, alone or together with his or her spouse, beneficially owns financial assets (being cash, securities within the meaning of the Securities Act, the cash surrender value of a life insurance contract, a deposit or evidence of a deposit) that have an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1 million and who provides written confirmation of this to the brokerage.*
12. *An individual whose net income before taxes in each of the two most recent years exceeded \$200,000 or whose net income before taxes in each of those years combined with that of his or her spouse in each of those years exceeded \$300,000, who has a reasonable expectation of exceeding the same net income or combined net income, as the case may be, in the current year and who provides written confirmation of this to the brokerage.*
13. *A person or entity in respect of which all of the owners of interests, other than the owners of voting securities required by law to be owned by directors, are persons or entities described in paragraphs 1 to 12. O. Reg. 188/08, s. 2 (1).*



XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

📞 905-206-0090

📠 833-932-0012

Appendix B Brokerage Fee Schedule

Description	Fee
Non-attendance of mandatory compliance meeting	\$750 plus suspension of access till meeting is attended
Re-instatement of access	\$250 per instance
Investor Disclosure Form 1	\$500 per instance
Non-attendance to minimum number of elective meetings	\$100 per missed meeting
Failure to report a change of address within 5 days of change	\$250 to FSRA & \$1,000 to the brokerage per instance
Failure to report a change of contact information within 5 days of change	\$250 to FSRA & \$1,000 to the brokerage per instance
Past due invoices	\$25 late fee (once past due date and every 30 days after if not paid)
Failure to provide a valid credit card on file	\$150 per instance
NSF payment (credit card)	\$75 per instance
Failure to provide a vacation notification form	\$500 per instance
Using non-approved or non-compliant advertising material	\$1,000 per instance
Password Reset	\$20 per instance
License Renewal - After deadline	\$500
Private Lending /MIC deal E&O insurance offset	\$150 per funded file
File Error	\$100 per error
Late submission of a fully compliant file	\$100 per day late
Conducting mortgage related activities through an email account other than the brokerage assigned email	\$500 per instance
Failure to include brokerage name, license number and/or confidentiality disclaimer in all emails	\$1,000 per instance
Failure to submit a support ticket	\$50 per instance
Failure to implement or circumvention of Two Factor Authentication	\$5,000 per instance
Failure to provide cancelled or declined files with 14 days	\$500 per file
Failure to notify or update other business activities	\$2,500 per instance




XLG Mortgage Group

 info@xlgmortgagegroup.com

 www.xlgmortgagegroup.com

 **905-206-0090**

 **833-932-0012**

Failure to provide 30 days' notice of termination of agreement	\$2,500
Termination of agreement within 1 year of start date	\$2,000
Termination of agreement within 2 years of start date	\$1,000
Termination of agreement on or after 2 years without 10 funded deals	\$500 per deal not funded

Appendix C Residential Mortgage Application Flow Chart



XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

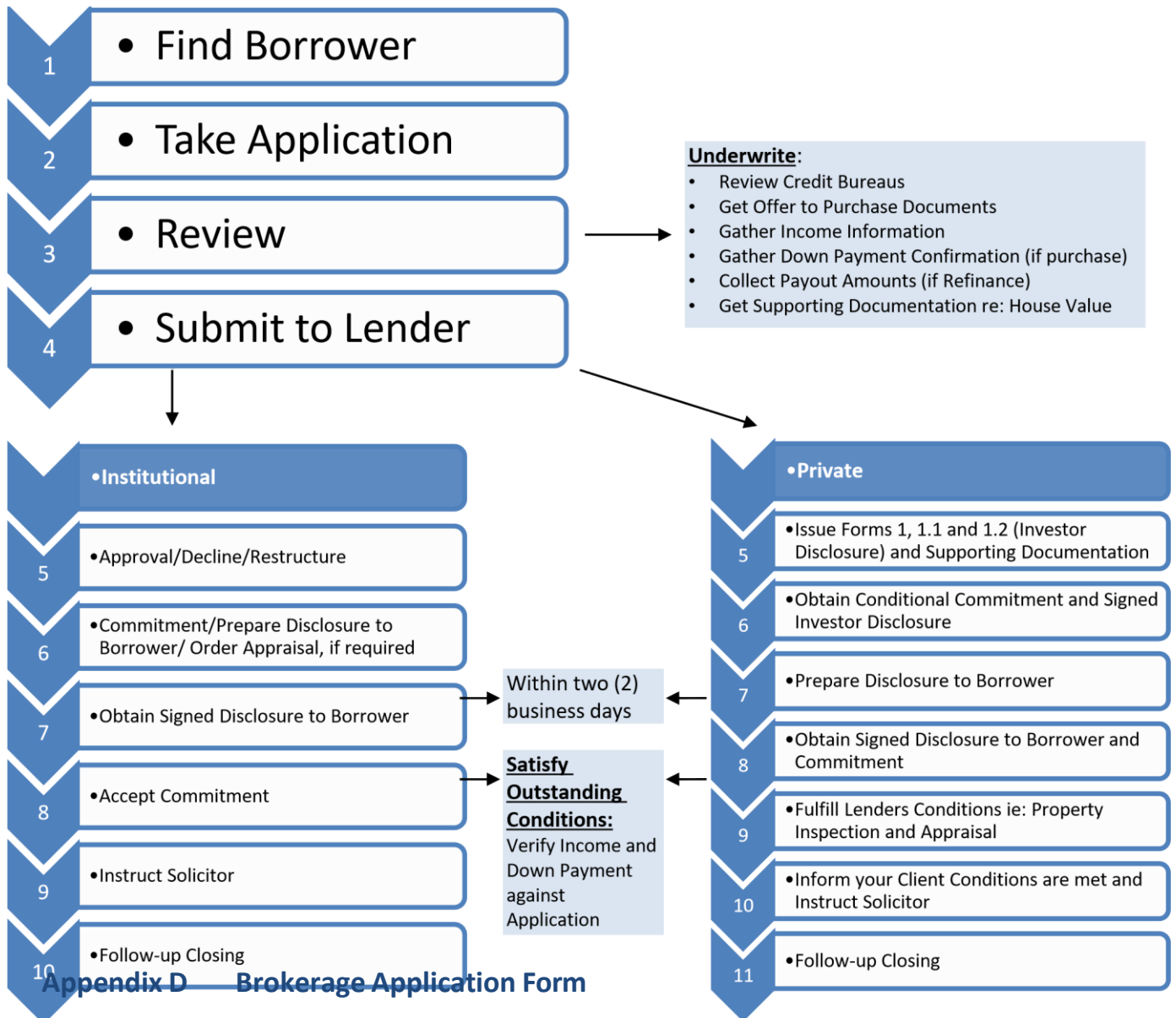
📞 905-206-0090

📠 833-932-0012



XLG Mortgage Group

License #12957
Independently owned and operated





XLG Mortgage Group

✉ info@xlgmortgagegroup.com

🌐 www.xlgmortgagegroup.com

☎ **905-206-0090**

📠 **833-932-0012**

Copies of the forms used for applications, disclosures and in preparing a compliant file are contained in the documents label “Policy & Procedures Manual Supplemental 1” and comprises part of this manual.

Appendix E – Brokerage Operations Forms

Copies of the forms used within the brokerage and by agents and brokers to provide updates, notification or other administrative functions are contained in the documents label “Policy & Procedures Manual Supplemental 2” and comprises part of this manual.

Appendix F – MBRCC National Code of Conduct

XLG MORTGAGE GROUP has adopted and adheres to the Mortgage Broker Regulator’s Council of Canada’s National Code of Conduct in all of the mortgage brokering activities it conducts. A copy of this Code of Conduct can be found in the document labeled “Policy & Procedures Manual Supplemental 3” and comprises part of this manual.

Appendix G – Occupational Health and Safety Act

A copy of this Occupational Health and Safety Act can be found in the document labeled “Policy & Procedures Manual Supplemental 4” and comprises part of this manual.